

JPRS 84676

3 November 1983

West Europe Report

No. 2227



FOREIGN BROADCAST INFORMATION SERVICE

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WEST EUROPE REPORT

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PROSPECTS FOR FRENCH/GERMAN MILITARY COOPERATION

Hamburg DIE ZEIT in German 23 Sep 83 p 12

[Article by Kurt Becker: "Half Solutions Are Also Progress"]

[Text] Neither Helmut Kohl nor Francois Mitterrand entered high office as an expert in security policy. One could hardly imagine that they could think through the complicated security problems in Europe together without their advisers in the background and without prompting from their governmental offices. Here they are different from their predecessors Schmidt and Giscard, who could discuss the possibilities and limits of strategic cooperation even without the help of prompters.

Just the same, the chancellor and the president speak much more often for a German-French agreement in security policy, particularly in the area of military defense, than was previously usual. Kohl and Mitterrand were the ones who institutionalized the regular exchange of opinions between foreign and defense ministers on questions of security, even though Schmidt and Mitterrand had negotiated the agreement. Kohl and Mitterrand gave the signal for the opening of this dialogue.

Since then, a completely forgotten passage in the Elysee Treaty concluded twenty years ago on German-French military cooperation has come to life again. The four-man group of ministers meets each time on the evening before summit conferences, supported by the work of the connecting committee and of three working groups from both sides. The participation of the most important ministers and of the highest ranking military men gives assurance that the German-French relationship will not just produce decorative accessory work. However, an expert's prognosis of success is also believable: "In all important matters we must think in a time span of ten years."

Together with the ambition of achieving a really new quality in this cooperation, it is obviously clear that the limits of what is possible must be considered to the dialogue, limits made by Mitterrand's carefully guarded Gaullism in foreign and security policy. Or, as Minister President Mauroy expressed it: "No one must deceive himself about France's independence. At the same time, no one must remain uncertain about our solidarity."

The easiest thing to see is what will not be discussed in this dialogue: No one dreams of a veiled return of France to the military organization of the Western alliance; neither does anyone want to try to instigate a Euro-Gaullistic special alliance outside of the alliance; a nuclear-axis between Paris and Bonn is beyond all consideration. The general tenor is to strengthen European defense, to solidify the coupling of the United States with Europe, not to loosen it.

In a quick sketch of German goals, a correction of French glacial thought must be central: The Federal Republic must not be simply a buffer zone for Paris located strategically to the east of France. Instead, the maxim of a common defense area of both countries must be accepted unconditionally.

With this, the question arises whether the ideas on defense policy of both countries can be brought together, and, if this is successful, whether France is ready to expand its participation in European defense with the use of conventional troops: more rapidly and more up front, not beginning at the upper Rhine. Up to now the agreement concluded by the then NATO commander, Lemnitzer, and the French Chief of Staff, Ailleret, has been in effect. According to it, the troops of the 1st Army stationed in southwest Germany are considered to be operative reserves of the alliance. The French president decides upon their actual use in case of hostilities.

Behind the aims of the operational combination is therefore an ambitious purpose that would go far beyond the military agreements with the supreme NATO commander and with the Bundeswehr that are already in effect -- on logistic support, common planning, and maneuvers.

Beyond this, Bonn wants the fulfillment of Mitterrand's agreement, according to which the federal government is to be informed on the plans for France's tactical nuclear weapons. But Bonn cannot be satisfied with this; it must also seek a strategic consensus. The French deterrent can never replace the American umbrella with long-range nuclear weapons, above all, submarine missiles. It can at most complement them. But contradictory voices are reaching us from Paris. On the one hand, the old doctrine is in effect: France's nuclear weapons and the threat of retaliation form the last resort in the defense against aggression against its own territory. On the other hand, there is the consideration that has never quite died from Giscard's time of expanding France's sanctuary, because in case of conflict, all Europe would be a theater of war. The nuclear question, which goes beyond tactical weapons, cannot be removed from the dialogue, especially since France's significance as a conventional military power is diminishing.

A common cooperation in armament can only come after a real coming together of ideas on both sides on which methods, resources, and political goal setting deterrence, and if necessary, defense, is to be accomplished. This would be better than, as has happened up to now, to jump from project to project. Certainly a good deal of French pressure is to be expected. Our neighbor's armament industry is much too large; its arms exports for an important support in the balance of trade. Production of large numbers of units and corresponding

price reductions are to help relieve France's defense establishment. On the urgent list even today is a common helicopter to fight tanks and a combat aircraft for the 1990's; along with this is the development of modern technologies for reconnaissance and command systems.

The initiative for the dialogue on security policy came from Mitterrand's increasingly concerned estimate of the situation.

First: The high rate of Soviet armament and its total threat increases the military-strategic, and therefore also the political, dependence of all West European countries, France included, on a solid North Atlantic alliance. With this, the significance of closer ties to the United States and to Germany is growing. The 243 Soviet SS-20 missiles also threaten targets in France. France wants to correct the nuclear imbalance in Europe and, in case of failure in Geneva, to support armament, even though France will station no American middle range weapons on its soil.

Second: It fits the tradition of French diplomacy to influence the Federal Republic and to bind it to France. Paris is always quickly disturbed by imponderable changes in its neighbor, as Paris suspects -- correctly or incorrectly -- in the course of the inner-German debate on the dual decision and armament. The nightmare is a disturbance of the balance of power in Europe caused by a gradual change of mood in foreign policy among the Germans, perhaps even with neutralistic tendencies, and a diminishing reliability of the Federal Republic in the East-West relationship. At any rate, the highly sensitive Parisian seismographs should not be underestimated.

Mitterrand's dialogue initiative comes obviously from efforts on the part of the French leadership to support the Federal Republic in the continuity of its security policy. This is what Bonn's guarded hope for French cooperation is based on. To be sure, the whole breadth of security policy cannot be considered exclusively as a catalogue of defense problems, especially since armament questions cannot be discussed at all anymore without the goal of disarmament. Important is the continuing exchange on American foreign policy, on all facets of the East-West relationship, and on the development of international crisis situations. How do they affect Europe's security, and how can the interests of both partners most effectively be brought to bear?

Even now, Paris is working toward using the dialogue as a forum for thorough consultation on long-range subjects. The goal is a more clearly defined operation in all relevant security policy questions: in the North Atlantic alliance (without the NATO military organization), in the foreign policy cooperation of the European Community, and in the continuation of the CSCE process.

It seems as if France wanted to take over the leadership of Western Europe at the conference of all CSCE nations on disarmament in Europe next year in Stockholm, which was decided upon at the recent conference in Madrid. Since Bonn has always wanted the support of Paris in important foreign and security policy questions, nothing will stand in the way of cooperation if no damage is

done to relations with other important partners.

But the explosive nucleus of the security conferences, which are being carried out apart from daily business, is hidden in the defense problems. The five-year program developed by Defense Minister Hernu, with its thoroughgoing reforms in the organization of the armed forces and armaments, signals an increasing disparity from German ideas. France takes some pleasure in its status as a mini world power. Defense expenditures are rising to almost four percent of the gross national product; this is a good third more than we have. Nuclear weapons are expensive, and France, like Great Britain, places absolute first priority on the reinforcement of its nuclear deterrent. A fivefold increase of the nuclear weapons potential is planned in ten years, primarily in the warheads of nuclear submarines. The stringent budget is forcing Paris to make reductions in plans everywhere. The main burden is being borne by the conventional forces -- 25,000 men and many modernizations are being cut back. The newspaper LE MONDE is almost daily the forum for the leadership elite in a passionate discussion of French security policy.

Mitterrand's intervention at Bonn's instigation prevented for the time being more personnel cuts in the 50,000 soldiers stationed in southwest Germany. At present, the question remains completely open on what assignment the quasi-strategic attack troop of 47,000 men, which is being built up, will receive for the defense of the Federal Republic.

In the German strategy debate, the tendency runs almost in the opposite direction. The nuclear threshold is to be raised. A reduction of the amount of nuclear battlefield weapons is being considered. At the same time, conventional defense is to be strengthened and the dependence upon an early reprisal with nuclear weapons reduced. To be sure, the question of finances has been completely neglected up to now. In the face of such opposing tendencies, the hope of a German-French division of labor in security is not very rosy. In the dialogue, insuperable barriers will appear everywhere because the French premises -- complete sovereignty and independence in foreign and defense policy -- continue in effect unchanged. The conflict of goals that has been in existence since Charles de Gaulle is almost unchanged: As a nuclear power, as an original member of the World Security Council, and as a self-evident historical entity, France demands a place at the table of the world powers, even if only at the far end. Its military engagement outside Europe proves this.

France keeps its distance from integrated military organizations of the Western alliance, but it does not have sufficiently powerful resources of its own to assure its own territorial integrity. Without the covering protection of the American umbrella, without the defense structure of the alliance, and finally, without close connections to its German neighbor, this security philosophy cannot be maintained.

As early as under Giscard's presidency, Paris introduced the approach to NATO that Mitterrand continued. But the doctrine of complete freedom of decision in case of a conflict has prevented a harmony of defense plans and a synchroniza-

tion of nuclear deterrence. France has never been prepared to take over a place with its troops in the first line of defense at the front, not even to give a solid agreement in case of outbreak of hostilities. But under the conditions of the defense strategy of flexible response, of defense with the military resources suited to the situation, it would have to subordinate its forces to the procedural regulations of the allied forces, and, like Great Britain, it would have to put its nuclear weapons closely together with the planning and leadership of America, if not subordinate them to the U.S.

The uncertain or limited availability of the French military forces prevents them being considered in Bonn's security policy considerations as a set size. This makes common concepts in the framework of the Western defense structure difficult. A common strategy, independent of the others, must be ruled out. Nevertheless, every effort must be made to make the proposed strategic solidarity, which is based on alliance and closeness, advantageous for both sides: by means of common security policy, by close connection and dovetailing of the armed forces and armaments. No one can predict today whether a European pillar within the Western alliance will develop from this. Not until the 1990's will a judgment on this be possible.

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CSO: 3620/18

FOREIGN MINISTER AT LIBERAL PARTY CONGRESS ON EUROMISSILES

Copenhagen BERLINGSKE TIDENDE in Danish 26 Sep 83 p 6

[Article by Michael Ehrenreich]

[Text] Foreign Minister Uffe Ellemann-Jensen appealed to the Social Democrats not to tighten up the missile resolution of 26 May. That would be an empty and meaningless demonstration that would weaken Denmark's credibility abroad, in the view of the foreign minister.

"I would like to appeal to the Social Democrats not to try to push the government over the line that was drawn in the May resolution," said Uffe Ellemann-Jensen yesterday at the Liberal national congress.

The foreign minister said he had noted statements from Social Democratic chairman, former Prime Minister Anker Jorgensen, to the effect that the Social Democrats found it unnecessary to go any farther than the May resolution.

"I regard that as a positive sign that the Social Democrats do not want this matter to be exploited by SF [Socialist People's Party] and VS [Left-Socialist Party] in their political game," said Uffe Ellemann-Jensen, who referred to the position of the Social Democrats during the heated debate on EC membership prior to the referendum in 1972.

"The Social Democrats stuck to their guns then. I hope the same thing will happen in the defense of the West," said the foreign minister, who wants the upcoming session of Folketing "to mark the beginning of a period when the government and the biggest opposition party can talk to each other again about a foreign and security policy that we have stood together on through so many years."

Several delegates at the congress received applause when they appealed to the government to stand fast on its fundamental views on showing firmness to the Soviet Union during an approaching dialogue with the Social Democrats.

"It is better to retain one's honor and step down than to jeopardize credibility in the foreign policy sector," said Jorgen Granum-Jensen of Arhus.

Almost all speakers urged the Liberal leadership during a foreign policy debate to launch a counteroffensive against the peace movement on the missile issue.

"The peace movements exploit anxiety about nuclear power and nuclear weapons and they get away with it much too easily. It is urgent that we launch a counteroffensive," said Bjarne Rasmussen of Gladsakse.

6578

CSO: 3613/13

TINDEMANS ON DOMESTIC, FOREIGN POLICY FORMULATION

Brussels LE SOIR in French 3-5 Sep 83

[Interview with Leo Tindemans, foreign relations officer, Dr C. Ferrant and J. Van Hoorebeke; date and place not specified]

[3/4 Sep 83 pp 1, 2]

[Text] "Belgium is governed by inertia rather than by reason." A bitter remark, addressed by Leo Tindemans, former prime minister, former chairman of CVP (Christian Peoples' Party), and present foreign relations officer, to his peers--the politicians--as well as to all the participants in our economic and social life. The Belgians are first of all "fixer-uppers," deplores the chief of our diplomacy, who in the interview which he granted to LE SOIR, the first part of which we present to our readers today, designates all these people, including himself, "as co-responsible" for a decline which has been accelerating lately, pushing Belgium toward a disastrous future.

Federalist, but in the spirit of 1970, with trust in those who have elected him and his followers, who according to him "can fill the Anvers Sports Palace," Leo Tindemans seems to want to spare his party, the CVP. "An extraordinary party," he says, issued from a grand concept, but which these days has the unfortunate tendency of living from day to day.

And indeed, the press conference held on Thursday by the CVP, illustrates perfectly this sort of "malady" that the former party leader hesitates to describe in detail, but which permeates his analysis and undoubtedly his disappointment.

On Thursday in fact, completing the cycle started with the "free speech" column that he published last Tuesday in our paper, the chairman of the CVP, Mr Frank Swaelen, said that his party remained receptive to a review of the fiscal amnesty projects, and that while he remained adamant on the missile question, he did understand that militants and members of parliament could "on an individual basis" join the pacifist demonstration of 23 October in Brussels.

Tomorrow, our readers will find the second part of our talk with the minister of foreign relations. Who has the right to speak for Belgium? What future awaits Europe? What international strategy should be adopted? Leo Tindemans has an original viewpoint about these topics as well.

[Answer] Belgium is governed by inertia rather than by reason!

[Question] Whom are you thinking of? Do you mean a certain sclerosis on the part of the unions?

[Answer] I'm not saying sclerosis ... And I am not pointing at unionism in general. But we do not always acknowledge facts. Why not prepare for the future? In 1974-1975 we had the first indications of what awaited us. And it was not possible at that time to take the necessary measures.

[Question] Because of social restraints?

[Answer] I think that it's typical of the entire Belgian society. And it is best reflected in the government and Parliament.

[Question] And does management also drift along?

[Answer] Of course. I could give you several examples in which management and the unions reached agreements to increase rates or contributions, at a time when the government was already encountering huge budget difficulties.

Communities, Cockerill-Sambre?

[Question] And when did this decline begin?

[Answer] In good times, it is not visible, it does not hurt. But it is now, with the budget difficulties, the crisis, unemployment, that it is becoming obvious.

For instance, I am deeply convinced that Cockerill-Sambre is not a Communities problem, but a problem of economic policy, of discipline in the conduct of economic affairs. Had we but adopted, in time, a clean and clear attitude toward the enterprises in difficulty ...

[Question] Who is "we"?

[Answer] Well, I mean Belgium.

All Responsible ...

[Question] But there must be those who are responsible.

[Answer] We are all responsible. In good times, we all found a pretext to help an enterprise in difficulty. No one dared say no, dared say what had to be done. We are all guilty!

[Question] Are all the politicians mixed-up in this, in this failure?

[Answer] Yes. Let's say that it is our mentality. In Belgium we are all fixer-uppers. And all in all, one never governs alone. One single minister, even if he does not belong to the majority party, can block decisions.

[Question] Is this valid for all the coalitions in power? Doesn't the current group present a certain image of efficiency?

[Answer] Inevitably, always, that's where we began.

[Question] Is there not a problem of direction, of internal life within parties? Can they not start a renewal?

[Answer] From time to time we examine our conscience. It's part of our Belgian nature. Our great talent is improvisation on one hand, fixing-up on the other. In the north, the south, or in the center. Whoever fixes-up the best, sometimes appears to be the best.

[Question] Are you thinking of Mr Martens?

[Answer] Of someone else, whom I will not name.

The CVP? An Extraordinary Party

[Question] But let us talk about your party, which you know best. What is the CVP?

[Answer] It's an extraordinary party! When it was created, after the war, it was like a tidal wave. We were asking ourselves: can we continue as before the war? What are our responsibilities? How do we become involved? It was a current, a dynamic force.

[Question] It was ... And today?

[Answer] There is no longer the same dynamism. It eroded. Interests, organizations, are more manifest, and great ideas are expressed less.

[Question] And you, on which side do you stand?

[Answer] I do not belong to any pressure group. I have made an intellectual's choice. For me, politics was a deliberately adopted engagement.

[Question] But in practical terms, a politician must have support, a base.

[Answer] That is very often said when one does not have political ideas! And it's the strength and weakness of the CVP. The strength because we have an unquestionable sociologic base: workers, the middle class, farmers. But that sometimes conceals an absence of political ideas. It sometimes happens that some people receive a mandate although their ideas are not well known.

[Question] Is it detrimental to your party to not have points of support?

[Answer] Here again, it is a strength and a weakness. A strength because you can fight for a program and for an idea. Not to say an ideal. That's a big word. It's typical of our times: you no longer dare use it. It's a strength because you become involved. It's a weakness because you often do not have the little punch that allows you to cross the desert, overcome difficulties.

The Balance of Terror

[Question] But you did have this strength when you were chairman of the CVP.

[Answer] Oh no! When you are chairman, you have to reconcile all the tendencies within the office. On the other hand, when you want to impose a solution, when you think that it's the best one, you don't always have the benefit of the balance of terror, because you cannot instill terror.

[Question] There are electoral meetings from time to time.

[Answer] Indeed, and it's extremely interesting. And fortunately, democracy does exist. The voter can speak out. But a lot can be done to stifle the voter's voice as well. Or cause it to be forgotten.

[Question] Do you feel that this was done in your case?

[Answer] I am not saying that. I did not necessarily mean my party. It can also happen in the media.

[Question] And do you see this in your party?

[Answer] I am not saying that: everyone defends himself with the weapons he has.

Fill the Sports Palace

[Question] You readily state that you have voters, but no political support strength. But are not your voters your most solid support?

[Answer] I am joking when I say that. But is clear that if I called on my followers tomorrow, there would be an incalculable number of them. I can fill the Anvers Sports Palace. I do have a force behind me, but I mean to say that this force is not quite--or rather I am not quite--the expression of an organized existing force.

Let us say for instance, that the independents were never too numerous within the party.

[Question] And now, who has the strength within the CVP?

[Answer] It is collective power. By that I mean an alliance.

[Question] Do men count more than functions?

[Answer] All things considered, yes.

[Question] Then how can one explain the sort of decline in the party's basic ideas?

[Answer] There have been some mistakes, the crisis of the church. No one talks much anymore about the social doctrine of the church--solidarity, distribution of wealth, expansion--in which we were all educated. Today, we are much more exposed to the doctrines and theories of others.

The Crisis of Marxism

[Question] Are other parties more motivated by ideology?

[Answer] There is always the attraction of Marxism-Leninism. On the other hand, Marxism is undergoing a powerful crisis. Witness the situation in Poland, Russia, the lack of freedom. This creates a difficult situation within some socialist parties.

This crisis could be a source of thought renewal, and politics could serve as the basis for this thinking. I sometimes suffer from what I hear, from what I see. People are reacting as they did ten years ago.

[Question] And is nothing happening among the liberals?

[Answer] They have abandoned paleo-liberalism for neo-liberalism. That's clear. But if the crisis of the 30's was that of a certain liberalism, the present one is that of a certain socialism. I don't believe there is more ideology in the liberal party than elsewhere.

[Question] And is the concept of the State important to you?

[Answer] Yes, because our world is still composed of states.

[Question] And does the Belgian state still exist?

[Answer] Yes. Open your wallet: there is the money, the law. They symbolize the Belgian state.

[Question] And who still speaks for the state?

[Answer] The national ministers.

[Question] Does Flanders believe in the Belgian state?

[Answer] The majority of the Flemings still do. Of course, the state did represent the enemy of expansion in the history of the Flemish movement. But it is thanks to the state that this emancipation was achieved.

The Flemish Nation

[Question] But the Flemish people have a sense of nation, demanding their autonomy.

[Answer] It is possible to have a nation within a state. And the word federalism must not be abused. A true federalism allows several entities to live together. It is in no way a separatist action. A true federalism should improve an existing situation.

[Question] Would you say that Flanders is the strong, triumphant nation that is sometimes portrayed, or is it feeling the crisis?

[Answer] Flanders underwent a strong expansion after the war. But its 15 years of industrialization do not make it a modern state, nor have they allowed it to escape the crisis. There is no cause to be triumphant. Some things are going on, at the cultural level for instance. Its literature is the most anticlerical in Europe.

[Question] Do you still believe in federalism? Are you a federalist?

[Answer] I believed in the reform of 1970. At that time, I believed in a true federalism for a country like ours. The reform contained all that that was necessary: cultural autonomy, a statute for Brussels, and an economic organization that allowed the regions to borrow money. With all of that it was possible to carry on and see what could be done without endangering the state.

[Question] And what happened?

[Answer] While the reform had not even been voted in, my party was already organizing everything for another reform. A certain evolution was inevitable. But why is it that men of good will were never able to establish an atmosphere of serenity? Each one wanted to see a part of his program included in the government's declarations, without concern for the reform's operation. Many of the contributors did not know how to get started or what to do. How do you reach a decision in Belgium?

[Question] The CVP has its own responsibility in all this.

[Answer] The CVP program was never applied. It always ended up as a compromise among several parties.

[Question] But you were the referee.

[Answer] Other forces came into play. Some of the media, some of the press, coalitions ... It is difficult to act against viewpoints that are collectively defended.

[5 Sep 83 p 2]

[Text] What image of Belgium should be projected abroad? Mr Leo Tindemans, our minister of foreign relations, has very precise ideas on this topic which directly concerns him. Acknowledging no rights of initiative for the secretaries of state who preach cooperation and foreign trade, he means for Belgium to speak with a single voice abroad, in economic as well as political or social matters. The voice of the minister, which according to him is fundamentally also that of M^r Kempinaire and de Donnea.

Yet that is far from being the case in cultural matters, where the new autonomy of the Communities greatly disturbs the minister of foreign relations. "However, solutions do exist, even in Flanders," he states.

Viscerally attached to NATO and its nuclear policy, "which is supported by the government," Leo Tindemans is also a faithful shepherd of the European concept, whose true protectors, he says, are the voters. Will he run again in the next election, having received one million votes in 1979? No. The clear, laconic answer brooks no comment. It no doubt has implications in the career labyrinths of a man whose future seems to hold as many guiding principles as imponderables.

[Question] Let us now discuss our representation abroad. Who speaks for Belgium? Doesn't the presence of secretaries of state for foreign trade and for cooperation, alongside the minister of foreign relations, risk presenting a somewhat fragmented image of our country?

[Answer] This formula can reinforce our positive image, or on the contrary, hurt us. It depends on the attitude of the office holders. Fortunately, for the time being we do agree. Moreover, we have--an innovation--a committee for foreign economic relations, which brings together all the ministers with economic interests.

[Question] And how are relations organized between the minister of foreign relations and his secretaries of state?

[Answer] To begin with, they should be in agreement. They work for the same goal. The function of secretary of state was clearly defined in the state reform of 1970. The concept was created that the secretary of state is the deputy of the minister to whom he is attached.

Serve the Minister

[Question] What then are the limitations on his autonomy?

[Answer] He must serve his minister, defend his policy, and substitute for the minister when he is required. There must be no policy concept differences between the secretary of state and the minister. The wishes of the constituency have not always been well respected, but that does not justify divergences.

[Question] Where do you stand with the current secretary of state for cooperation, Mr de Donnea, in the sharing of functions?

[Answer] We are examining various problems that should lead to the signing of a protocol.

[Question] Will this happen soon?

[Answer] I think so.

[Question] Are you happy to be working with Mr de Donnea?

[Answer] Yes, he is an intelligent man, who I think likes to be in the government.

[Question] Too intelligent to be only a secretary of state?

[Answer] Isn't it interesting to have intelligent secretaries of state who are undergoing their initiation?

[Question] How are things going with Mr Kempinaire?

[Answer] He answers to Mr De Clercq. No problems.

[Question] But with Mr de Donnea the impression on the outside is that there are some frictions.

[Answer] Quite frankly, there have been no signs of any.

[Question] Your opinion is that it's going to work out.

[Answer] We see each other regularly.

[Question] And that Mr de Donnea will abide by your definition of secretary of state functions.

[Answer] He cannot deny them! The official documents exist. Of course, this implies exchanges of opinion, friendly talks between minister and secretaries of state.

[Question] But when a minister is responsible for Cooperation, this raises some problems. Is there no unity of concept?

[Answer] No, that's true. But it does not necessarily mean that there are problems.

AGCD, "A Maze"

[Question] Let us talk for a moment about the Administration for Cooperation Development, AGCD. Is it creating any problems for you?

[Answer] Yes. It's a new administration, which is seeking its path since 1962. That's clear. And it has not been easy. The concepts of Cooperation have changed. Cooperation and foreign trade were joined at first. Then a movement started, saying that this bond was unacceptable. And it appears today, that foreign policy must be coherent, global. The AGCD did not find its vocation right away. What it needs, is a certain maturity: in a conventional department, certain rules, a deontology, are better observed.

[Question] It's a very sore point, this administration?

[Answer] It is the victim of pressures from certain organizations. It is managed by several royal decrees. It's difficult to unravel it, it's a real maze!

[Question] Could it also create a sort of parallel diplomacy?

[Answer] We don't yet have two diplomacies. But that could be the case if we are not careful.

Troublesome Cultural Autonomy

[Question] Let us consider the Communities, their new autonomy, and the international consequences. Does the independence of the Communities raise any problems abroad?

[Answer] Here again, we should discuss the concept of the State. Foreign policy is the expression of a state's existence. At the time of the parliamentary debates on international cultural autonomy, there was no awareness of international law. I'm convinced of it. Henceforth, Foreign Affairs no longer has the right to sign cultural treaties. But abroad, they are wondering. There are ways to correct this situation. The minister's signature could be added at the bottom of treaties, preceded by "official publication."

[Question] French speaking people accept it, but not the Flemings.

[Answer] I recently met with Mr Geens. I believe there is a meeting of minds, that we are moving toward a solution.

[Question] You did not expect this sort of problems when you called for greater cultural autonomy in the 1960's.

[Answer] I was convinced that cultural autonomy would improve the domestic relations of the Communities. I was also considering some international activities, but the question of treaties was never raised. The problems arose only after 1980, to the point where they affect our relations with some countries such as Turkey, our NATO ally, which does not understand why the French Community suddenly cut off all its contacts and financial contributions.

[Question] Did we go too far in regionalization?

[Answer] Not yet. Actually, you never know when you've gone too far. But we must maintain a monetary and economic unity.

[Question] What is Europe's condition after the summer of 1983?

The Agricultural Error

[Answer] Europe is passing through a very delicate phase in its evolution. Few politicians remember the fierce struggles necessary for its creation. We made mistakes, and the greatest one in my opinion, was failure to achieve a single, joint policy. All we see today are agricultural problems, and their budgetary loads. And we have to start all over again.

[Question] Next year is an election year, and an opportunity to explain to the public the importance of an intelligent choice.

[Answer] It's the only force which I now perceive to stem the decline of the European concept.

[Question] Will you be a candidate in this election?

[Answer] No.

[Question] Now let us speak of missiles. What are your feelings today?

[Answer] The government abides by the government declaration supporting the double decision taken by NATO in 1979. All the governments have supported these decisions. We are in direct contact with the Geneva negotiators, we can make our suggestions, but of course, within our group. But we do not realize the change in our strategic situation since the existence of atomic weapons. I regret that Belgium, which is so exposed, is now divided over such an important point. It really is a matter of our defense. And then there is NATO, NATO's cohesiveness, and its existence, which is indispensable for Belgium.

[Question] Everyone does not agree with you in your party. The young, the Christian Democrats.

[Answer] Every party must have a youth organization. Initiation into politics helps them mature. But a party decision also commits the young. I sometimes use an image which is not very flattering, but real: a young dog must sometimes bite on a carpet or the leg of a chair. As to the MOC, it simply preaches a moratorium. Negotiation, so to speak.

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CSO: 3619/96

CHRISTIAN PARTY FIRES GROUP LEADER TO SAVE COALITION ROLE

Copenhagen BERLINGSKE TIDENDE in Danish 6 Oct 83 p 12

[Article by Solveig Rodsgaard]

[Text] The former chairman of the Christian People's Party's Folketing group, Arne Bjerregaard, has performed too many solo acts, which is why he has been removed and replaced by Jens Steffensen. But Arne Bjerregaard feels more in line with the party's executive committee and he is not worried about whether he will contribute in overturning the government.

The showdown in the tiny Folketing group of the Christian People's Party, in which Arne Bjerregaard was removed as group chairman and replaced by Jens Steffensen, was an attempt to create stability in the party's attitude toward government cooperation. But it is very uncertain whether this will succeed.

For although it will in the future be as an ordinary group member that Arne Bjerregaard will be outlining his concept of the role of the Christian People's Party, he has not rejected the idea of taking separate stands. Even if that might have parliamentary consequences for the government.

The already tense relations between Arne Bjerregaard and the Christian People's Party's only minister, Environmental Affairs Minister Christian Christensen, have not been improved following the recent group vote to unseat Arne Bjerregaard. Arne Bjerregaard told BERLINGSKE TIDENDE straight out that it was his understanding that the party's minister wanted him out of the way as group chairman. In response, Christian Christensen said briefly that this was not true, but that he had no further comments to make on "such rude behavior."

Solo Performance

There have been big problems in the Christian Party's Folketing group. Especially during the year that the party has been a member of the four-party government and Arne Bjerregaard has been group chairman. It has

been hard to get in step and there has been mounting irritation on the part of the other three members of the group--Christian Christensen, Jens Steffensen and Inge Krogh--about the solo acts Arne Bjerregaard has performed.

It has been difficult for the three--and especially for Christian Christensen--to outline the party's profile to others when the chairman of the Folketing group has declared himself dissatisfied time after time with the things the party has helped to implement in the government coalition. Problems also arose because Christian Christensen as the party's only minister has been so busy that he has not put his greatest efforts into work for the Folketing group. And in this period Jens Steffensen and Inge Krogh have not talked as much outside the group as Arne Bjerregaard has.

Jens Steffensen as new group chairman will presumably continue to speak softly even though he has stated that the party will work for the weakest members of society and that it has some special issues such as a ban on exclusive agreements, combatting alcoholism and the preservation of the rate of growth in appropriations for developing countries.

It was Arne Bjerregaard who first of all declared that the Christian People's Party should not be part of a nonsocialist government after the next election. He is opposed to the cuts in children's subsidies. He voted against the government last year on the budget vote on aid to developing countries. He said recently that the government should work with the Social Democrats to divide up economic surpluses. There are many examples of solo actions on his part in the past year. Many people in Folketing think that Arne Bjerregaard feels more like a Social Democrat than like a member of a nonsocialist government party. And he views the change in the group chairmanship as a sign that the Christian People's Party has now shifted to the right.

"It is not unknown that I was not interested in having the party participate in the government coalition. But I have also said that when we were in the government, we should get as much out of it as possible. I have complained at times--because we have not found out about things before we had to vote on them. And they are things that affect the weak members of society. Cuts in aid to children, aid to developing countries. The Christian People's Party has always maintained that we should guard the interests of the little people in society too, both in the short and in the long term. And then 'one' has wanted too much to be an appendix to the nonsocialist government. And we do not belong in the nonsocialist camp.

"What is my own relationship to our minister like? I do not want to comment on that. But the minister wanted me out of the way. He certainly did."

Arne Bjerregaard remains a member of the party and the group. "I want to fight for the viewpoints that are my own and as far as that goes I am more

in line with our executive committee and national chairman. Our party should be progressive and innovative in all areas of society. I will not deny that I might take separate stands."

Even if that has parliamentary consequences for the government?

"I cannot be concerned about that."

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CSO: 3613/13

LIBERALS' CHIEF TELLS PARTY CONGRESS HIS GOALS FOR COALITION

Christophersen: Liberal Stamp on Program

Copenhagen BERLINGSKE TIDENDE in Danish 25 Sep 83 p 6

[Article by Lisbeth Knudsen]

[Text] Finance Minister Henning Christophersen outlined a number of new tasks for the government and emphasized that the Liberals have put their stamp on the government's list of accomplishments.

"We do not see it as our job to distribute poverty, to invalidate the welfare society or to organize an economic slump. Our goal, on the contrary, is to recreate the basis of Danish welfare through the reforms and changes that are necessary. And we are well on the way."

That is how Liberal Party chairman Henning Christophersen, the minister of finance, introduced the party's national congress this weekend in Arhus.

He stressed the point that the changes should be nothing but a means of achieving the goal. "Concern for the balance of payments, state finances, the inflation rate and unemployment statistics cannot fill an individual's existence. It cannot even fill the existence of a finance minister. But the results of correct policy can. The policy that from a distance or viewed from Christiansborg seems to involve heavy economic ideas is thus something more and different than that. It should be pursued for social, cultural and popular reasons," said the Liberal chairman.

The finance minister stressed that the Liberal Party in particular had put its stamp on the work of the government.

"That is why today--a year later--we have come so far that we can begin to recognize Denmark again. Denmark's reputation in the world around us is improving rapidly. Our economy is in the process of being restored," said Henning Christophersen.

The party chairman said of the Liberals' wishes for future work that the Liberal Party wants continued income policy and tight fiscal policy and that the party wants a modernization of business policy, more savings and investment opportunities for wage earners, a reform of the tax system, a strengthening of the conditions and opportunities of families with children, a break in the monopoly of Danish State Radio and a modernization of the public sector.

Finally the Liberal chairman stressed that the party wants to strengthen the opportunities for peace. "No politician or party can claim a monopoly on the peace issue. And that also applies to Anker Jorgensen and his party," said Finance Minister Henning Christophersen.

Party Losing Membership

Copenhagen BERLINGSKE TIDENDE in Danish 25 Sep 83 p 6

[Article by Lisbeth Knudsen]

[Text] The party is not getting the opinion poll results it deserves, according to the party secretary.

In the past year the Liberal Party lost almost twice as many members as it acquired in a membership drive last year. But the Liberals now have 89,387 members, giving it by far the highest organizational percentage of any party. The figure is 25.3 percent. In spite of the general membership decline of 6,420 some districts could note gains.

These are first and foremost Lyngby, the district that elected Education Minister Bertel Haarder, followed by Odense, Naestved, Hallerup and the 4th district in Aarhus.

Section in Brussels

Liberal Party secretary Kurt Sorensen disclosed that the party now has a section in Brussels with a sizable membership. A group in Paris is being planned and groups in Athens and London are expected to follow.

Kurt Sorensen promised a big membership drive in 1984 with a goal of 10,000 new members. He said that equality is not very good in the Liberal Party and that there are far too few women in leading party posts.

Kurt Sorensen thought a general downgrading of politicians could be the reason for the membership decline. "We should rally round our politicians instead of just criticizing them," he said.

Liberals Deserve More

He added: "We are not getting the poll results the Liberal Party deserves. We have some capable politicians and a strong organization. We should probably try to draw a somewhat different picture of the Liberal Party. We stand for other things besides the economy."

Candidates Chosen for EC Parliament

Copenhagen BERLINGSKE TIDENDE in Danish 25 Sep 83 p 6

[Article by Michael Ehrenreich]

[Text] The Liberals' present member of the EC Parliament, former Education Minister Tove Nielsen, was the top scorer yesterday when the Liberal congress decided the lineup of the party's list for next year's direct election to the EC Parliament.

Second on the list is EC Parliament member Jorgen Brondlund Nielsen, with Folketing member Svend Heiselberg coming in third. Number four is Thor Petersen, mayor of Helsingør.

One of the reasons why Tove Nielsen came in first was her statement that Denmark has an opportunity to put its mark on European cooperation.

"My experience from the EC Parliament tells me that we have an opportunity to put our mark on European cooperation. Both in daily work and in future cooperation," Tove Nielsen said in her election speech to the delegates at the congress.

The big surprise on the EC list is number four, Thor Petersen, who was alternate for Niels Jorgen Haagerup in the 1979 EC election.

Thor Petersen is an economist. He has previously been employed by the Finance Ministry as well as in the private business sector. Since 1978 he has been mayor of Helsingør.

Thor Petersen got the number four position in sharp competition with the VU [Liberal Youth] candidate, Bo Manderup Jensen, who was only a few votes short of winning fourth place.

During the election discussion Niels Jorgen Haagerup criticized the party for having been too restrained in efforts aimed at achieving a European union in the present election period.

"European cooperation has made too little impact on domestic political debates. There is not enough in the Liberal Party to inspire confidence--

and I must take my share of the responsibility for that," said Niels Jorgen Haagerup.

The Liberal congress determined the order of the other 14 candidates on the party's EC list later that evening. The order of candidates was not available before late last night.

Party Leadership Elected

Copenhagen BERLINGSKE TIDENDE in Danish 25 Sep 83 p 6

[Text] Foreign Minister Britta Schall Holberg was the top scorer in the election to the Liberal Party's executive committee. She has not previously been a member of the executive committee.

Number two in the election was Energy Minister Knud Engaard, former Liberal vice chairman. Gerda Maaloe, Peter Holst, Jorgen Kleener and Soren Jensen were re-elected. Per Frank was also elected.

Rector Finn Rieber Jensen of Holsted and office chief Ole Pagels of Copenhagen left the executive committee. Ole Pagels became first alternate and VU's former national chairman Flemming Oppfeldt became second alternate.

Chairman Re-elected

Liberal chairman and Finance Minister Henning Christophersen was re-elected at the party's congress yesterday with a great round of applause from the several hundred delegates.

It had been expected that a candidate would run against the party's present vice chairman, Hanne Severinsen, but Hanne Severinsen was also re-elected by acclaim and without a vote.

Ove Bjerregaard Madsen of Glostrup had announced in advance that he would run as a protest against the current party leadership, but he stopped at a critical speech during the organizational debate.

Party's Success Tied to Coalition's

Copenhagen BERLINGSKE TIDENDE in Danish 26 Sep 83 p 12

[Editorial: "The Heavyweights"]

[Text] The Liberal Party is rich in experiences of harsh conditions in politics. It has had defeats and setbacks. But the Liberals have also

had overwhelming successes and made great gains. It is a party that has tried more things than most. It has formed a government alone, it joined Conservatives and Radical Liberals in a government, it has had the courage to join a government together with the Social Democrats--and in the past year it has been part of the four-leaf-clover government. It is a party that seems to have experienced everything and it has been marked by its many experiences.

The Liberal Party could hardly have imagined that it would take part in a government under a Conservative prime minister. The historic rivalry between the two parties has been a permanent condition, the effects of which can be seen to this day. For a party that found it correct--out of consideration for the national situation, among other things--to enter into a government under the leadership of Anker Jorgensen, there should have been no doubt that it could live with and thrive under a Conservative government leader. The Liberal national congress should acknowledge that Poul Schluter has been a good prime minister, also for Liberals.

The government experiences the Liberal Party has had to a much greater extent than other parties, obligates it to make a substantial contribution to the coalition government's success and fortunately there are no signs that it is trying to back out of this obligation. The government's first year has been faultless in this regard and the government parties seem to have been able to keep calm, even though the opinion polls could give even hardened politicians nervous reactions. The experiences of the Liberal Party are beneficial for the four parties. The big defeats can be overcome and the hastily-won victories are only a momentary source of rejoicing.

It is very easy for the government to fall flat on its face. Four parties have to agree on something, but they have no majority so they must also reach an agreement with other people. It was easier in the first year than it will be in the second. The Liberal ministers--the heavyweights--are placed in such posts that it is especially due to their efforts whether or not the challenges can be met.

The Liberal congress should be used to profile the party's policy and no one can reproach any party for thinking of the next election and the period that will follow it. No party can survive just by living from one day to the next and getting by. But it is quite certain that the Liberal Party's future victories and defeats are inextricably linked to whether the four government parties can make their efforts amount to more than a political episode. The Liberals must know that better than anyone else.

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CSO: 3613/9

RADICAL LIBERAL DEFENSE SPOKESMAN ATTACKED BY CONGRESS ON INF

Copenhagen INFORMATION in Danish 19 Sep 83 p 1

[Text] The Radical Liberal national congress used most of its energies on reproaching the party's defense policy spokesman, but he still felt the situation was unchanged following the congress.

"We still have free hands in the Folketing group. There has been no substantial change in our policy," said Radical Liberal security policy spokesman Jens Bilgrav-Nielsen to INFORMATION after the Radical congress last weekend--according to both friends and enemies of Bilgrav--reacted sharply against the spokesman's statement that a future missile resolution presented by the Social Democrats or SF [Socialist People's Party] would have to be evaluated in light of its internal policy consequences.

For one thing the leader of the party, political spokesman for the Folketing group and chairman Niels Helveg Petersen was forced to tighten up his stand on the missile issue prior to the congress.

A majority at the congress also insisted on direct passage of a resolution that states clearly that internal policy considerations should not prevent the party from taking a consistent stand on the missile issue.

Prior to the congress, security policy spokesman Jens Bilgrav-Nielsen had created unreasonable doubt on the party's stand on the missile issue, according to several delegates to the congress.

Thus Bilgrav said to the party paper, RADIKAL POLITIK:

"If a resolution is approved that leads to the fall of the government, we run the risk of two negative things: first that the Social Democrats would once more guide the nation's economic policy and second that Kjeld Olesen would again have the major responsibility for Denmark's security and foreign policy. And we have no guarantee in such a situation that Kjeld Olesen would not swing back to his original standpoint on the missile issue."

It was statements like that which led a large number of participants at the congress to attack Jens Bilgrav-Nielsen. "He should erase the word 'tactics' from his dictionary," said one. "This casting of suspicion on SF and the Social Democrats has to stop," said another.

Compromise Futile

Party leader Helveg Petersen had sought in the written text of his speech to the congress to incorporate Bilgrav-Nielsen's remarks by saying:

"The missile issue is /too important to be used in a purely internal policy game, but it is also/ [in italics] so serious that we must press the government to use every opportunity it has to exert influence."

But the italicized portion of the statement was dropped from the group chairman's speech to the congress following talks in the Radical Folketing group and in the executive committee.

That was not enough for the congress, however. After a lengthy debate of the matter, a clear majority of the delegates passed a resolution stating that "regardless of the internal policy consequences," the party should "employ all democratic means to prevent the deployment of the new nuclear missiles in Europe."

Repudiation

On the Radical right wing, the resolution was regarded as a clear repudiation of the party's chairman and past policy.

"This is an unwise repudiation of the party's chairman," said the designated speaker for the Radical right wing, Assistant Professor Arne Herman.

"Anker Jorgensen put the plank out and the party walked straight into the water."

But other Radical right-wing people were more confident even though they thought the resolution was wrong.

"Of course with the resolution we have given Anker Jorgensen a free hand to call for an election whenever he wants one. But he is unlikely to do so at the moment, so the practical consequences are fairly clear," said a prominent right-wing Radical to INFORMATION at the congress.

Only the Issue

At a press conference after the congress, Radical leader Niels Helveg Petersen said that "the issue and only the issue is what determines our stand on missile resolutions."

But Helveg Petersen would not give examples of missile resolutions which the Radicals would be unable to support. He backed Jens Bilgrav-Nielsen's assessment that it would have been impossible to get a Social Democratic government to accept the resolution the four-leaf-clover government was forced to accept on 26 May which involved withholding Danish money for missile deployment, a demand to postpone the date of deployment and a demand that the English and French missiles be included in calculating the balance of arms.

Money or Life

In a speech at the congress, Niels Helveg Petersen felt he had to take a stand on the kind of priority the missile issue should be given in relation to the big economic policy issues.

"It is money or life. I choose life," said Helveg Petersen to a storm of applause.

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CSO: 3613/13

'RADICALIZATION' OF LIBERALS AT CONGRESS IS THREAT

Copenhagen BERLINGSKE AFTEN in Danish 23-29 Sep 83 p 2

[Article by Hans J. Poulsen]

[Text] The political labor market is reacting nervously to signals from the Radical Liberal congress. BERLINGSKE AFTEN covers the course of events and presents comments to clarify the consequences the radicalization of the Radical Liberals could have for the political fall.

At the Radical Liberal congress last weekend, the Radicals did what they could to counter ugly charges that their esteemed old social-liberal party has developed into a conservative party with a liberal orientation. There were no words of appreciation to the party leadership based on the fact that a year ago the Radical Liberal political leadership "chose sides" and placed their nine seats at the disposal of a Conservative-led government. A government that in order to be functional also needed the votes of the Progressive Party's unhomogeneous flock.

Niels Helveg Petersen, who suffered the indignity of having to remove a segment from the speech he had prepared in advance, really got fired up during the debate with a prophecy that in 10 years the Social Democrats would no longer be the biggest party in the country if it continued to remain passive on solutions to Denmark's economic problems. He foresaw the situation in which large groups of voters for a number of years would "correctly" remain convinced that when things looked the darkest the Social Democrats tucked their tails between their legs and left the hard work to others. He specifically criticized the Social Democrats for lacking the courage to implement an income policy.

Many Express Desire for Arms Talks

Another central theme at the congress was the security policy debate, where the majority at the session pushed through a resolution that gives the Folketing group such an active role in the missile issue that it has become

of less importance to the Radical Liberals whether such an emphasis might lead to the downfall of the four-leaf-clover government.

The signals from the Radical congress have set off a small avalanche of protestations of a desire for negotiations in the past week as well as agreements and approval of two-sided talks:

Finance Minister Henning Christophersen (Liberal) was first off the mark with a personal invitation to the Social Democrats concerning a meeting with the government aimed at re-establishing a foreign policy truce. Such a Christiansborg truce is desirable after the repeated disputes since the change of government, Finance Minister Henning Christophersen told JYLLANDS-POSTEN. But at this time no date for the meeting has been agreed on.

Anker Jorgensen was reluctant to interpret the finance minister's invitation and said that the intent of the small opening after the Radical congress must be viewed as indicating that something is happening in the government. That there is some mobility there.

"We do not really want an election because of the missiles. It would probably be best if security policy does not become the major decisive issue in an election campaign. We maintain what has been approved. If Folke-ting decides something against the will of the government so that the government is forced to call a Folketing election, well then we will have to accept the situation," the former prime minister stressed on the radio news.

The same day, Monday, SF [Socialist People's Party] chairman Gert Petersen issued an invitation to negotiate to the Social Democrats. This was received with a chilly remark to the effect that the Social Democrats would like to meet with SF but that the agenda should be the "Social Democratic proposal on future policy in the years ahead."

The tone was different on Tuesday when Anker Jorgensen turned to the Radicals for an agreement on a "mutual exchange of views on a long list of current problems."

Good Relations with Schluter

In Poul Schluter's first year as prime minister, relations with the Radical leader have been at a level of quality equal to that at the end of the 1960's when Hilmar Baunsgaard became prime minister on the recommendation of the Conservatives. It may contribute to the good relations today that as reliable reports have it Niels Helveg Petersen is fascinated by Poul Schluter's straightforward leadership style and negotiation format.

The government has still not held a plenary meeting to size up the situation following the Radical congress. The regular meeting of ministers on Tuesday was called off because of the official visit of the Norwegian prime

minister. But it is not a bad guess that the avalanche of negotiation wishes that suddenly showed up between the Radical "support party," which the government cannot do without, and the Social Democrats (with a brand-new spokesman) will lead to intense reflections. There is also a 1984 budget on the political carpet. Can one still count on the Radicals backing the drastic domestic remedies or be sure that the Social Democrats will not place new obstacles in front of the government in the foreign policy sector?

From an internal Radical Party viewpoint, the background for the 1983 national congress appeared somewhat bleak.

Month after month the party has remained at 3 percent of the votes in the opinion polls (compared to 5.1 percent in the last election).

Two of the group's Folketing members have announced that they will not run in the next election: Tage Draebye, 40, who decided not to run due to the imbalance between the burden of work and the results, and Janne Normann, 44, who was dubious about the possibilities of gathering enough Radical votes in the Skive district, Bertel Dahlgaard's old preserve with its own newspaper and roots in the rich earth of Salling.

Guideline and Elasticity

Ever since the government was formed, the Radicals have declared themselves to be willing helpers in the "economic restoration" which the government considered necessary after the "surprise review of finances" when it took office.

According to Niels Helveg Petersen this cleanup effort should still be given a high (the highest?) priority. The missile issue should not be used (or should not have been used?) in a purely internal policy game. When the Radical leader wanted to plead for this position at the congress, however, he ran into difficulties. Green Radicals and radical Radicals opposed him. Their opposition could be seen in resolutions as well as in new elections to the executive committee.

The guideline for Radical behavior on the missile issue--where according to Henning Christophersen, the government does not have "more elastic on the shelves"--was tightened up.

It was more than an editorial correction when deletions were made in Niels Helveg's manuscript. Originally it stated that the missile issue is "too serious to be used in a purely internal policy game, but it is also" so serious that we must press the government to use every opportunity it has to exert influence.

The segment in quotation marks was removed after internal consultations.

But a quartet from the green Radical faction was not satisfied with this limitation of the party leader's freedom of speech. The "hardliners" demanded more precise language and were able to add to the final resolution the words that the party "regardless of the internal political consequences will use all the practical means available to prevent deployment of new nuclear missiles in Europe."

Elected Representatives and Freedom of Movement

Events at the congress led to a number of comments. The chairman of the Conservative Folketing group, former Defense Minister Knud Ostergaard, told this paper that in general one must warn against politicians allowing themselves to be bound too strongly by their own party organizations:

"There are fewer and fewer people organized in voter associations and it is important that elected representatives have considerable freedom of movement," said Knud Ostergaard, who went on:

"In the area of security policy the government parties will stand behind a security policy that hopefully our partners in the Social Democratic Party will also be able to approve and that cannot stand in the way of what we call economic recovery. But of course there are limits."

The government's disinclination to resort to an election on the missile issue appears to be as strong as it is among Social Democratic leaders. Therefore we can be confident that in the weeks ahead, strenuous efforts will be made in the corridors of parliament to avoid a new humiliating confrontation in Folketing. There could be a showdown in which the Socialist People's Party and the Left-Socialists act together to present a tougher missile resolution that radicalized Radicals would feel compelled to support and that the untrammelled Social Democrats, i.e. lacking government responsibility, would have a hard time resisting if the government made this a question of confidence. The foreign minister reminded us at the beginning of this week that in this matter it is the Social Democrats who have their "fingers on the trigger."

On 2 June--when Folketing recessed--SF was just about to pass a resolution the government could not live with. It would have required the government to work "actively" in NATO to promote the resolution of 26 May 1983 which the government voted against.

But a counter resolution in general terms assured the government's survival on 2 June by a vote of 91 to 86 (Social Democrats, SF and Left-Socialists).

Lasse Budtz: Still Supporting SF Resolution

The Radical Liberal political spokesman Ole Vig Jensen said of the situation today in remarks to the weekend edition of BERLINGSKE AFTEN:

"We Radicals would have to vote for a resolution like the one SF proposed on 2 June if it came up again. This does not mean that we would vote for any resolution whatever from SF. We must reserve the right to see how it is worded first."

"The resolution can be expected to be presented by SF in an unchanged form," Gert Petersen told us. "We might be able to get the Social Democrats to cosponsor it. This will not occur during the general opening debate on 6 October but later on in October or early in November."

The Social Democratic security policy spokesman, Folketing member Lasse Budtz, said that the resolution proposed on 2 June, which the government would have been unable to live with, still had the support of the Social Democrats:

"It is hard for me to imagine that such a proposal could not gain passage. We felt positively about it on 2 June. The negative Radical position at that time clearly must have changed following their congress. A new resolution could be worded in different ways and I have a distinct impression that the government will seek contacts before it gets that far," Lasse Budtz concluded.

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CSO: 3613/13

BRIEFS

LIBERALS' CONGRESS DEBATES POLICIES--"The Liberal Party is turning into a solid reserve party the voters can turn to when more exotic experiments fail." That is what former VU [Liberal Youth] chairman Flemming Oppfeldt of Farum said, one of the many speakers at the congress who dealt with the party's poor results in the polls. There was great satisfaction at the congress with the efforts of the government and there was much praise for Liberal ministers. But there were also some critical remarks about such things as health insurance for the high income brackets. The same was true of the lack of solutions to the many problems of agriculture. Jens Hansen Guldager of Hjørring criticized the lack of agricultural solutions. Agricultural Minister Niels Anker Kofoed felt convinced that there would be majority support for the government's proposal and he urged the congress to be content for the moment with the consequences of the government's policy on interest developments. Finance Minister Henning Christophersen, chairman of the Liberal Party, declared himself very satisfied with the course of the debate. "It is encouraging in a situation where the government has many political balls in the air to get such strong support at the party's national congress," he said in his concluding remarks. [By Lisbeth Knudsen] [Excerpts] [Copenhagen BERLINGSKE TIDENDE in Danish 26 Sep 83 p 6] 6578

CSO: 3613/13

GREENLAND PARLIAMENT TO LIMIT NUMBER OF DANISH WORKERS

Copenhagen BERLINGSKE TIDENDE in Danish 28 Sep 83 p 6

[Text] The number of Danish workers in Greenland will be cut down strongly, in such a way that there will be at most 20 percent Danes employed in public offices and in private activities in Greenland.

Twenty Percent in the Long Run

All three parties in Greenland's Landsting are agreed upon this. On the other hand, the proposer of the bill -- the left wing party Inuit Ataqatigiit -- stands alone with its proposal that the quota of Danes is to be put into effect rapidly.

The two large parties -- Siumut and Atassut -- think it is unrealistic to carry out the 20 percent regulation in a few years.

All three parties stress that no hatred of Danes lies behind the proposal. The proposal is based exclusively on the fact that unemployment, particularly among Greenland's unskilled workers, is constantly rising.

In 1980 a law was passed that local workers are to have preference for positions in unskilled work, business and office work, sea transport, and untrained hand workers.

However, the law has not been very strictly observed, so that the number of Danes in these positions has risen -- even though unemployment has risen strongly.

Voting and Tax Laws Should Continue

A proposal from Inuit Ataqatigiit that the Danes in Greenland should not be able to vote for the Landsting until they have lived in Greenland for five years found little support among the two other parties. They think that the right to vote and the duty to pay taxes should continue as it is today, where the Danes receive the right to vote after a half a year.

BOYCOTT OF USSR PILOT PROVES CHARGES OF CP CHAIRMAN

Helsinki KANSAN UTUSET in Finnish 17 Sep 83 p 6

[Editorial: "Profiles"]

[Text] A couple of weeks ago, when SKP [Finnish Communist Party] chairman Jouko Kajanoja criticized Finnish foreign policy leaders for being slow and passive, his words seemed to be unfounded. In the newspapers his speech was interpreted as being aimed at the president and thus well-nigh blasphemous.

Since Kajanoja gave his speech, however, things have happened that make it necessary to judge his message in a new way.

The tragic destruction of a Korean commercial airliner has given rise to a powerful anti-Soviet campaign in the Western world, one that is being consciously and systematically fomented by the United States. The air traffic boycott announced by commercial pilots has so far been one of the questionable achievements of this campaign.

In some countries, in Austria among others, the government has adopted a clearly negative stand on such boycott measures. In Austria the local commercial pilots association did not allow itself to be persuaded to serve as an instrument of U.S. propaganda, instead remaining outside the boycott. Like its country's government, the association emphasized Austria's neutrality in making its decision. Besides, in the association's opinion, the question of whom to blame in the case of the Korean aircraft was far from clear.

On the other hand, with us here in Finland, at least in the eyes of the public at large, it has seemed as if our foreign policy leaders reacted almost indifferently to the whole boycott. They presumably took action in this matter too, but they have managed to conceal their action under a low profile.

It is, however, a fact that, when official foreign policy activity seems to have come to an end, a vacuum is created in the public atmosphere which various manipulators of opinion actively try to fill with their own material. Here in Finland the Western propaganda machine is at present filling that vacuum. This can be clearly seen in the news sections of some newspapers and is also rapidly being reflected in newspaper readers' columns as outbursts directed at the Soviet Union.

A low-profile foreign policy may, therefore, be dangerous in the long run.

POLITICAL SCIENTIST VAIKYNEN: BOYCOTT NOT FOREIGN POLICY

Helsinki UUSI SUOMI in Finnish 21 Sep 83 p 6

[Article: "Pekkala Reminds Us of Kekkonen's Principles: 'Nothing Is Taken For Granted in Foreign Policy'"]

[Text] Center Party (KEPU) vice chairman and Minister of Finance Ahti Pekkala is concerned over the fact that foreign policy is no longer considered to be as important as it was in President Urho Kekkonen's time. He feels that the attraction of foreign policy is weakening in public discussion.

Thus in an interview conducted by News Center and which was published in the KEPU press, Pekkala touched upon the critique recently presented by Finnish Communist Party chairman Jouko Kajanoja. As in the News Center interview, Kajanoja first off criticized foreign policy leaders for their lack of active involvement. Kajanoja repeated the same view later in his speech.

Soviet analyst and editor Rudolf Sykiainen also recently alluded to the same subject matter. Sykiainen wondered that there does not appear to be a master of the house in Finland any more.

Pekkala stressed the fact that he did not doubt that President Mauno Koivisto would try to continue to pursue the Paasikivi-Kekkonen policy, which enjoys very broad support.

Pekkala, nevertheless, quoted from Kekkonen's "Tamminiemi," according to which "independence must be won anew every day."

"An active life always gives rise to new matters to be resolved and foreign policy too does not continue in a matter-of-fact way without active effort and cooperation. We must be vigilant so that we do not deviate from the Kekkonen line," Pekkala said during the interview.

KEPU Must Be Roused Too

Pekkala replied affirmatively to the question as to whether the KEPU should be more active in foreign policy.

"I would not view it at all as a bad thing if the party were to be more active. It would be a good thing; in fact it would be necessary," Pekkala said, adding that "I'm a Kekkonen-era man."

According to Pekkala, such active involvement ought not to be interpreted as stepping on the president's toes either.

During the interview Pekkala did not want to engage in conjectures as to what foreign policy leaders would do and on their motives with regard to Finnish pilots' decision to boycott.

"I am merely saying that Austria's pilots, for example, did not join the boycott."

Prof Raimo Vayrynen: No Reason for Concern

"It's difficult to regard Ahti Pekkala's concern that foreign policy may be being shoved into the background here in Finland as warranted from any standpoint," was the opinion of foreign policy analyst Prof Raimo Vayrynen (Social Democrat).

"I haven't noticed that foreign policy has been viewed as being less important now than in Urho Kekkonen's time," said Vayrynen.

He defended his views on the basis of President Mauno Koivisto's many statements which, according to him, clearly demonstrate that the president is concentrating on foreign policy in particular and leaving domestic policy to the care of the government and Parliament.

"Nor have I noticed that foreign policy debate has died down either. On the contrary, it has sometimes been felt to be engaged in in too lively a fashion," Raimo Vayrynen laughed.

"And thirdly too, in my opinion the examination of foreign policy is at least as active as it was in the 1970's."

Vayrynen pointed to Pekkala's statement that he did not at all doubt that Mauno Koivisto would try to continue to pursue the Paasikivi-Kekkonen policy.

"Recently raised doubts that maintaining continuity would not work have been exaggerations due to self-defense," Raimo Vayrynen felt.

"The fact that Pekkala does not make such claims, instead asserting that Koivisto's effort is a safeguard of continuity, is a positive factor.

"Foreign policy debate has certainly actually been engaged in more than ever before. By that I mean debate over security policy and the role of defense policy in it," historian and foreign policy analyst Dr of Political Science Jukka Tarkka remarked.

"During the Kekkonen era basic security policy structures were felt to be so tabu that no one dared to talk about them. Now dissident attitudes are appearing: Some participants in the debate are challenging the defense policy.

"It is, of course, quite clear — as Pekkala emphasizes — that the battle for continuity has to be won again. By that Pekkala hopefully meant that we must be capable of adapting our foreign policy to new circumstances, naturally in terms of the former basic policy line. Pekkala does not perhaps sufficiently take into account the fact that guaranteeing continuity will require revision," Raimo Vayrynen felt. "The world around us changes too.

"Political culture has changed. Those ways of handling foreign policy that may have been appropriate in the 1960's and 1970's are not necessarily so for the changed political culture and atmosphere of the 1980's," Vayrynen asserted.

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CSO: 3617/7

FINANCE MINISTER PEKKALA FIRST TO SPEAK OUT ON BOYCOTT

Helsinki HUFVUDSTADSBLADET in Swedish 21 Sep 83 p 11

[Article by Lars Erik Haggman]

[Text] "It must not be assumed that foreign policy no longer requires attention. On the contrary, it requires tending because it constitutes a basic issue for the nation. We must not loosen our grip--something that the public debate is already showing traces of."

Those words were spoken by Minister of Finance Ahti Pekkala. And he continued, in an interview with UUTISKESKUS (the Center Party's press agency), by saying:

"I feel that society in general no longer regards foreign policy as being as important as it was in Kekkonen's time. This does not mean that people want to deviate from his policy, but foreign policy is now taken as a matter of course. A little along the lines of 'why talk about it now if we don't have to?'"

Although Pekkala is the first important politician to speak out on this issue--and even he did so in a very indirect way--the subject has been actively dealt with over the past few weeks in political circles.

The immediate reason for talking about these political matters is two-pronged. For one thing, the international climate has grown worse due to the aircraft incident in the vicinity of Sakhalin. For another, there are consequences for Finland as regards both scheduling problems in connection with Koivisto's visit to the United States and the plans for a boycott.

Surprise

Most older experts did not hesitate to comment on the handling of the boycott by saying that it would not have happened in Kekkonen's time. Other observers saw in the boycott by the pilots a sign of a "freer atmosphere" or "looser reins."

But something probably shared by most politicians and observers was a degree of surprise that there was no intervention from "the highest quarters."

According to reports, there was some desire within the Ministry of Foreign Affairs to contact the pilots directly. But that desire was reportedly toned down by fear of too powerful a reaction to alleged pressure.

Instead, and obviously with the president's knowledge, the Ministry of Foreign Affairs reportedly chose to handle the issue more discreetly. There were unofficial contacts with circles whose words could carry weight even among the pilots.

But the thing that reportedly confused the issue for the diplomats was the accelerated pace at which the decision was made. They thought at first that they had a week and a half in which to draw attention to national interests. After the international pilots' association began to apply pressure, it became clear that they had only 48 hours.

Persons familiar with the matter say that in particular, the trip abroad by Finnair's manager, Gunnar Korhonen, in the days preceding the decision became quite crucial.

Liikanen Surprised

In one of the first statements on the matter, Minister of Foreign Affairs Paavo Vayrynen emphasized in Madrid that the government naturally had nothing to do with a boycott and that it was up to the pilots to decide.

That viewpoint was reportedly shared by the president and the prime minister, although their attitude was not made public until a later stage.

Erkki Liikanen (Social Democrat), chairman of Parliament's Committee on Foreign Affairs, expressed surprise yesterday at that wording in particular, and he turned Pekkala's statement against Vayrynen:

"It was a little surprising to hear the minister of foreign affairs say that the boycott was the pilots' own business."

But the aircraft incident's repercussions in Finland were not limited to the plans for a boycott. Because of the more heated atmosphere in international politics, U.S. President Ronald Reagan decided that he personally would present the U.S. position at the UN session in New York. That in turn meant that he could not receive Koivisto at the White House on that day.

Since Koivisto himself was to plead Finland's cause at the United Nations a couple of days later, finding a time for the talks between the presidents became a problem. The search for a new time slot then became a breeding ground for speculation concerning a connection between Finland's conduct in connection with the boycott and Koivisto's trip. DAGENS NYHETER's Helsinki correspondent went the farthest. He thought he saw in the scheduling problem a protest against Finland's restraint.

Many political observers felt clear disappointment at the troubles in connection with the trip. The reason was their feeling that they had seen signs of a heightened level of relations in Vice President George Bush's visit to Finland last summer. The message he had brought with him from Reagan to Koivisto had been viewed as something new--as a sign of interest on the U.S. side in meeting with Koivisto.

The same observers were quick to make comparisons with Kekkonen, who waited many years for his first visit to the United States and who reportedly had to take the initiative himself.

President Koivisto himself is reported to have attached importance to the visit. He is aware that he can travel to the United Nations at any time and also visit the United States in that connection. A visit under those circumstances would be an entirely different matter, however.

U.S. Visit Becoming Complicated?

In terms of its political content, the president's trip is now expected to become more complicated than it was when the invitation was issued. In a situation in which relations between the big powers are as tense as they are now, Koivisto must weigh his words with Reagan very carefully, hinted one observer. This is especially true since the routine for visits in that direction is considerably less developed than in the case of trips to the East.

In some quarters, the pilots' boycott has also been viewed in Finland as making things somewhat easier--no matter how nonpolitical it is said to be.

Few people want to speculate on its possible consequences in the Soviet Union, but unofficial Soviet statements indicate that the crucial thing is the basic policy rather than minor "mistakes."

What worries some observers, however, is the fact that Finland (or, actually, Finnish pilots) is now participating for the first time in an international action against one of the big powers, a fact that reportedly brought about the discreet but effective handling of the appeal to ground personnel by the airline management and the government.

Inexperienced Minister

The intention, however, was that that appeal would never be made public. Following the meeting by the government, it reportedly was expressly agreed that the decision would be kept secret. The fact that the steps taken by the minister of transportation--and especially the reasons he gave--became publicly known should probably be chalked up to a lack of experience.

Yesterday, Minister of Finance Ahti Pekkala also took the pilots' boycott as a pretext for his criticism of what he called the public debate.

Pekkala asserted yesterday: "This is not a contribution to the Center Party's internal debate."

"What Was Left Unsaid"

In response to a question as to whether he was criticizing Koivisto, he also emphasized:

"As you know, I have been saying that I have no doubt that the president is endeavoring to pursue the foreign policy line."

When Pekkala was asked to specify the target of his statement, he said that it was the public debate and the things said in that debate.

Pekkala said: "And, of course, what was left unsaid as well."

In political circles, there are few who view the events of the past few weeks as especially serious or even as a sign of something fundamentally new. On the other hand, those events are being linked increasingly with comparisons between public or behind-the-scenes activity in Kekkonen's time and "active observation" or "passiveness" today. Some also think they see independent activity on the part of the minister of foreign affairs.

Typically, many political observers were talking last winter about restraint and caution, with some even using the word "paralysis"--that is, precisely the things that were often used as an argument against Koivisto during the presidential election campaign. Then came the sharp and telling talk as Parliament ended its session. The comments then became: just like in Kekkonen's time.

More Active Debate?

As a result, many observers now expect something similar. Others do not believe that the pattern will be repeated. Instead, they expect a more active foreign policy debate--and more active control by the government. The statements by the minister of finance to UUTISKESKUS may be the start of the latter. But they do not necessarily exclude the former.

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CSO: 3650/1

CP BEING USED TO ATTACK CPSU

Helsinki UUSI SUOMI in Finnish 12 Sep 83 p 9

[Text] Both chairman Jouko Kajanoja and first secretary Arvo Aalto also raised the subject of SKP [Finnish Communist Party]-CPSU relations in their briefings at the Central Committee meeting.

According to Kajanoja, the SKP is being used to form anti-Soviet opinion. Some people are trying to beat the CPSU on the head with the SKP.

This was recently attempted, according to Kajanoja, in connection with the proposed solution to the party's press problem.

Information secretary Uolevi Mattila, a former SKP Central Committee employee who has resigned from the party administration, has also during the past few days discussed these matters in nonsocialist newspapers.

Kajanoja felt it was obvious that internationalism, international cooperation within the working class, must be stressed in the communist movement's world view.

"On the basis of this alone, we feel that naturally friendly and stable relations with the CPSU and the Soviet Union are a good thing."

According to Kajanoja, it is obvious that neighbors are never "independent" of one another.

"The friendlier and closer cooperation based on common, basic aims is, the more positive and beneficial for both parties that 'dependence' is."

First secretary Arvo Aalto said that the SKP would in future as well opt for relations with the CPSU fully conscious of the fact that they also involve our country's essential national interests.

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CSO: 3617/7

CP FACTIONS CONTINUE FIGHT OVER SOVIET SOCIETY CHIEF POST

Helsinki HELSINGIN SANOMAT in Finnish 16 Sep 83 p 12

[Article: "SKP Quarrels Over Nominations: Kauppila Not Fit to Head Finnish-Soviet Society"]

[Text] The Communists' internal dispute over the post of first secretary of the Finnish-Soviet Society has sharpened to the point where KANSAN UUTISEN chief editor Erkki Kauppila, who has the backing of the moderate majority in the SKP [Finnish Communist Party] Politburo, has been labeled unfit for the job. Veteran Communist Erkki Kivimäki has been produced as a compromise candidate.

The post of first secretary of the Finnish-Soviet Society fell vacant when Christina Porkkala, who had held the post for a long time, announced her retirement. Filling her post is regarded primarily as an internal Communist affair. Porkkala is considered to be an SKP Stalinist.

Kauppila, who has served as chairman of the society's Information Committee for some 10 years, is the SKP moderates' candidate. Right from the start, however, the Stalinists radically opposed the choice of Kauppila and nominated the society's cultural secretary, Timo Karvonen, as their own candidate. He is the son of Toivo Karvonen, who was previously first secretary of the Finnish-Soviet Society for a long period of time.

When a harmonious settlement was not reached, the SKP Politburo recently put the matter to a vote in which Kauppila won by a vote of six to three.

However, the Stalinist minority flatly refused to accept Kauppila and tried to show that he was unfit for the post. In connection with this they appealed on the basis of a recent letter dealing with the SKP's internal situation in which Kauppila was by name labeled as a man who had taken the wrong road.

As far as is known, at last week's meeting of the Finnish-Soviet Society presidium Center Party representatives also assumed that the SKP must find a unanimously acceptable candidate. They had planned to elect a new first secretary in September, but had to postpone the issue.

Erkki Kivimäki, 60, the managing editor of the SKDL [Finnish People's Democratic League] and SKP press, YHTEISTYÖ, who is an SKP moderate, has now been introduced as a compromise candidate. Another name that has been mentioned is the Finnish Broadcasting Corporation's Moscow correspondent, Reijo Nikkila, who may, however, be harder for the moderates to accept than Kivimäki is.

There are nearly 90,000 individual paying members in the Finnish-Soviet Society and many time more associate members through the intermediary of other organizations. Councillor of State Martti Miettunen (Center Party) is serving as chairman of the society. They say that Miettunen, 75, will be ready to stay on for another 4-year term at the congress to be held in December.

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CSO: 3617/7

CP CHAIRMAN KAJANOJA: FOREIGN POLICY SHOWS PRO-NATO TILT

Helsinki UUSI SUOMI in Finnish 5 Sep 83 p 3

[Text] "It's not hard to present a long list of items for which government funds should be abundantly appropriated," RKP [Swedish People's Party] chairman Per Stenback said in his speech in Loviisa.

According to Stenback, the RKP has refrained from making overly large demands for appropriations in connection with the budget negotiations.

"We hope that greed has not won out over prudence, since the government has in part abandoned its tight budget policy," Stenback said.

As for Finnish Communist Party chairman Jouko Kajanoja, he criticized our country's foreign policy leaders for not having assumed a clearly unfavorable position with regard to the latest round of nuclear arms talks planned by NATO.

"Finnish foreign policy leaders and the government have been unforgivably passive and slow as well with respect to military actions that have taken place in Central America, the Near East and Africa," Kajanoja noted in the speech he gave in Lieksa.

"For years now selfishness and passiveness with regard to development have been evident in Finnish foreign policy while at the same time a world situation that is coming to a head requires a more active foreign policy than before, one more desirous of peace and more solidary," Kajanoja criticized.

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CSO: 3617/7

SKDL REEVALUATING ROLE AS CP ELECTORAL FRONT AFTER PRESS FIGHT

Helsinki HELSINGIN SANOMAT in Finnish 1 Oct 83 p 10

[Article by Kyosti Karvonen: "Just a Cover Organization or a New Party? SKP Unification Development Makes SKDL Reevaluate Its Role"]

[Text] When the Communist Party (SKP) solves its bitter press problem during the next few months, it will in practice also take a stand on the question as to whether the Finnish People's Democratic League (SKDL) is to remain a coalition organization as it has been or whether it is to be turned into a cover organization tightly controlled by the SKP.

In the opinion of bank director Ele Alenius (People's Democrat), a former SKDL chairman, the SKDL is going through a "period of reevaluation." He fears the press settlement will strengthen Stalinist minority positions and thus increase the danger of SKDL disintegration.

As ex-chairman it is easy for Alenius to talk, whereas current SKDL chairman Kalevi Kivisto has to be cautiously circumspect in his speeches.

Alenius is not, however, conveying only the feelings of the socialists. SKP moderates, especially the so-called hard line, which has really lost its strength, share the same fears.

As a cover organization for many organizations, the SKDL is a political maverick. In the eyes of many its nature as a coalition organization has become less clear — it looks more like a cover organization controlled by the SKP.

The composition of the SKDL membership bears witness to its coalition organization nature. The SKDL has over 40,000 members, of whom only a little over a fifth are Communists and the rest, about 32,000 members, non-Communist People's Democrats and socialists. Of that figure at the most a couple of thousand are socialists.

A power structure that goes a long way toward being decisive in disputes reveals the cover organization nature of the SKDL: About two-thirds of the members of the decision-making organs are Communists.

Organizational structures like those of the SKDL are familiar to us in socialist countries where parties of little importance and citizens' organizations have formed a front which comes under the paternal guidance of the leading communist party.

The marriage of the SKP and the SKDL is understandably of a different kind. The SKP's leadership position is firm, but not so firm as to satisfy the Stalinists. Furthermore, since the 1950's the SKP has not had its own daily, something they have not been able to comprehend in the CPSU in the Soviet Union.

During the years of the party split, when the moderates governed the SKP, cooperation with the SKDL clearly went smoothly. This was evident in its participation in the government, in addition to other ways. The SKDL had no reason to take on airs, which would, moreover, have rendered the moderate majority's position more difficult.

When the SKP decides at its 20th congress next May whether to found a new 4-day newspaper for the party, that decision will also point the way to the path the SKDL will follow in future.

The SKP Press Committee has proposed the founding of its own weekly at the start of next year, a proposal the Central Committee has already approved. The committee has also proposed that the weekly be changed through a congress resolution into a daily, which they intend to merge the Stalinist mouthpiece, TIEDONANTAJA, into.

The banns on the birth of the daily have not yet been published, since the Central Committee has only charged the Politburo with initiating preparation of the daily question.

What It Tells Us of Development

Bank director Alenius is surprised at the SKP's bellowing about the founding of its own daily, since "KANSAN UUTISET has been fully available to the SKP and the SKP has been able to publish everything it wants in it."

The committee proposal has been criticized chiefly for economic reasons. In Alenius' opinion, the most important grounds for criticism are to be found elsewhere:

"From the economic standpoint the most important thing is what the form of implementation of the settlement of the press issue tell us about the internal development of the SKP. My impression is that the SKP is constantly changing in the direction of representing the Stalinist minority," Alenius felt.

Often abused by the Stalinists and the CPSU, Alenius acknowledges that the SKP certainly has the right to get its ranks together on its own terms: "Making compromises, however, means that policy is being moved in a Stalinist direction."

Now and then Alenius, who uses cautious turns of phrase, loses patience: "Certainly this coalition with even the present SKP has at times been extremely difficult from the personal and socialist standpoint, but how difficult will it be if the Stalinist way of thinking entrenches itself even further...? I fear that it is somehow impossible."

A New Party?

The idea of a new party has been running through the minds of the socialists and many of the moderates too, particularly since chairman Jouko Kajanoja risked his own and strangers' necks to tack the SKP together again.

Alenius, who heads the socialists' executive committee, has made it clear that nothing will come of a new party without a "nationally oriented" SKP: "A new party concerns not only the socialists; a sizable portion of the Communist majority is considering it as seriously as we are."

In Alenius' opinion, the fact that individual proposals as such for the founding of a new party have been raining down, especially since the SKP Central Committee session held in early September, is symptomatic: "Proposals are coming from the socialist as well as the moderate Communist factions."

The "market gap" needed for a new party is, however, a small one, although there would be a socialist order in for one. The SKDL socialists are so small in number and organizationally weak and the SKP moderates, who are pondering a possible walkout, are realistic enough not to rush into any party venture.

It is obvious that the moderates and the SKDL do not agree on everything. At the Central Committee session several moderates pummeled the Press Committee proposal but, when the vote was taken, they fell obediently into line since otherwise the Stalinist motion might have been passed.

In the SKDL they live in fear that they will be trampled underfoot while the SKP batters its ranks together. The parties' forced marriage narrows down the SKDL's room for maneuvering and the more united the SKP, the shorter the SKDL's tether to it.

11,466
CSO: 3617/7

POLL SHOWS CONTINUING DECLINE FOR COMMUNISTS, GAINS FOR GREENS

Helsinki HELSINGIN SANOMAT in Finnish 23 Sep 83 p 12

[Text] The increase in support for the Social Democrats and the SMP [Finnish Rural Party] seems to be continuing. According to a recent opinion poll commissioned by the magazine APU, they are the only government parties that have been able to make gains. The Swedish People's Party (RKP) has retained its position, but the Center Party-Liberals coalition does not seem to be producing results, instead continuing its decline.

Since the March parliamentary elections, however, the Greens have increased their support the most. It has risen from 1.5 to 3.7 percent. The difference between them and the RKP is not quite a percentage point.

The SKDL's [Finnish People's Democratic League] declining trend seems to be continuing. In comparison with the last parliamentary elections, the drop is probably about a percentage point.

The Christian League's downturn, which began with the parliamentary elections, is getting to be more pronounced. The additional drop adds up to a half a percentage point.

The basis for the APU data is two polls taken last summer by Taloustutkimus Oy [Economic Survey Company]. The latter of the two was conducted during the period between 8 August and 7 September. In that poll 1911 men and women over 18 years of age were interviewed.

The interviewees were asked: "What party would you vote for if the municipal elections were to be organized at the time this interview is being conducted?"

According to the poll, support for the SDP [Social Democratic Party] would be 26.9 percent. During the March elections it was 26.7 percent. The second party of the Left, the SKDL, would receive the backing of 13 percent of the votes, or about a percentage point less than in the parliamentary elections. Overall support for the socialist parties would drop to 39.9 percent.

The Conservative Party would be supported by 21.1 percent of the voters, whereas in the last elections about a half a percentage point more citizens voted for it. The Center Party and the Liberals would now receive 17.4 percent and the

drop would be 0.2 of a percentage point. The Christian League would lose a half a percentage point and garner 2.5 percent of the votes, which would be 1.2 percentage points less than the Greens.

The RKP would be supported by 4.6 percent of the voters. The SMP would increase its support to 10.3 percent, which would be 0.6 of a percentage point more than in the parliamentary elections.

The Constitutional Conservative Party would amass 0.3 percent from its districts.

The increase in support for the nonsocialist parties would be 0.8 of a percentage point, or 60.1 percent.

11,466
CSO: 3617/9

RURAL PARTY FACES DILEMMA OF OPPOSITION IMAGE IN COALITION

Helsinki HELSINGIN SANOMAT in Finnish 18 Sep 83 p 27

[Article by Jarno Virkkunen: "Rural Party Influence Still a Question Mark"]

[Text] The Finnish Rural Party (SRP) has taken its first steps as a government party and brought disappointment to all those who had hoped that the SRP would just pop in and out of the government to go back to kicking up a row in the opposition.

The SRP is a partner in the Kalevi Sorsa government just like the Social Democrats, the Center Party (KEPU) and the Swedish People's Party (RKP), which are sulking over the newcomer. The old parties are playing guessing games as to the reliability of the SRP, since they will start discussing the budget in Parliament during the week that is about to begin.

When the founder of the SRP, Veikko Vennamo, left the party leadership to his son, Pekka, 4 years ago, many people were ready to relegate the Vennamos to the dunghill of history.

The blustering protest party's survival nevertheless shows that opposing Kekkonen was by no means its only motive force, although it did considerably help the party. As for Kekkonen's collapse, it was the essential condition for changing the party's image.

During the 1970 elections Veikko Vennamo marched an 18-representative delegation into Parliament. The party at one blow captured over 265,000 votes, which meant a 10.5-percent share of the vote.

At the same time the Left lost its majority in Parliament, which it does not seem it will regain.

The spring 1983 parliamentary elections were supposed to have turned into the SRP's funeral, but the people gave the party's candidates 228,000 votes and its share of the vote (9.7 percent) came close to the record figures for 1970.

The SRP had preserved its status of protest channel. In 15 years time, kicked in the head and abused by the society, these farmers have turned into city people.

Circumstances were otherwise also favorable for the SMP, which stressed its incorruptibility. The subway law suits, the row over benefits for members of Parliament and in connection with that the Attorney General's Office action against Parliament afforded people convincing proof that those in power are crooks.

To top it all, pension reform produced a result that reduced the incomes of certain groups of pensioners.

Government Coalition Guarantor

The SMP's chances of survival are good since support for the Communists has taken a sharp downward turn. Even as recently as the start of the 1980's, the Communists were able to increase their support.

The structure of the SMP's constituency also backs the assumption that it is precisely the workers who are most eagerly switching their support to the SMP. Thus the SMP does not seem to be a very great danger to the KEPU.

The Social Democrats made the SMP a government party after last spring's elections and are themselves surprised over the shrewdness it has demonstrated.

SMP participation was an understandable solution for the old government parties, since with it they could establish a government of winners and preserve the major outlines of domestic policy and Center-Left cooperation. The SMP became the abused guarantor of the government coalition.

Sorsa could as such govern without the SMP as well, since the Social Democrats, the KEPU and the RKP have 106 seats in Parliament, that is, a majority.

There is yet another important consequence of the election outcome and the government arrangements: In snatching a predicted election victory away from the Conservative Party, the SMP at the same time removed the Conservative Party far from the heels of the Social Democrats — and apparently for a long time to come.

Some Conservatives were of the opinion that the party had lost a historic opportunity during the spring 1983 elections to climb up [the political ladder] neck and neck with the SDP [Social Democratic Party]. The Conservative Party's debate of last spring over the chairmanship, which is still going on, must be viewed against this background.

Daily Grind Begins

The months to come will confront the SMP with the rugged daily grind of governing. The SMP will have to defend government proposals in a quite different way from that of last spring when it kept dodging its responsibility for governing. Only SMP action in Parliament will provide the measure of the party's determination and ability to bear the responsibility of government as the old parties do.

Particularly in the KEPU, they expected the debate over the national budget for next year to constitute SMP ministers' moment of truth. They were, however, disappointed in their expectations when SMP ministers were content to accept the basic policy of the government majority and parliamentary delegation chairman Veikko Vennamo got publicity for his tough demands.

Coolly assessed, the SMP's only real accomplishment during the budget negotiations was putting a lid on an increase in party subsidies. The government parties are, on the other hand, still carrying on their endless arguing over who best promoted whose cause and whether the budget was in practical terms already thrashed out before the SMP parliamentary delegation meeting.

Veikko Vennamo was abroad when the SMP party administration finally accepted the budget proposal the government had agreed on. During the negotiations proper many believed that Vennamo Senior would attempt to bring down the whole settlement and lead the SMP out of the government.

While chairman Pekka Vennamo does relate more favorably to cooperation with the government than his father, there is no basic difference in outlook between these two SMP strongmen. If there were, Veikko, the father, would have dissolved the government if he had wanted to.

Vennamo's final position, however, remained a question mark, and he does not now give a direct answer either. Vennamo knows how to answer in such a way that he is not committed, should the situation possibly change.

Vennamo Senior explains the differences in behavior between his son and himself on terms of a division of labor: "It's a matter of a different way of talking. We have people who demand an uncompromising way of presenting issues on an old historical basis alone, and then there are those who hope for a softer way of presenting them."

Vennamo said, however, that he too would obviously have accepted the budget settlement, although "at times it certainly looked as though the government coalition would have come to an end."

Veikko Vennamo feels that it is natural for the SMP parliamentary delegation to have decided to demand negotiations on improvement of the budget with the other government delegations.

"But we keep our word. We agreed to cooperate within the framework of the government platform. If it comes to votes in plenary sessions, we either support the government or leave it."

Vennamo stresses the fact that he represents his constituents and parliamentary delegation, whose position cannot be the same as the government's decision. In his opinion, however, an SMP withdrawal into the opposition is not in sight.

Vennamo feels that the present government coalition is best "under the circumstances." Vennamo said that the SMP joined the government "not merely out of friendship, but also to hang some people," and drew the edge of his hand across his throat to emphasize his words.

"We will not be hostages in the government for even a minute," Vennamo asserted, but, borrowing an old moderate Communist argument, he added: "We are, however, firmly convinced that there will be more improvements if we participate than if we don't."

Critical Situation

Over the years predicting the death of the SMP has been a favorite pastime for some. Nor have SMP members always been certain of their success either.

Even Veikko Vennamo admits: "After the presidential elections the situation was critical. I had already decided to stay out of it, but I had to keep the party on its feet."

Vennamo gestured energetically, even nervously [word(s) missing]. "If I had stayed out of it, there would have been the danger that the old constituents might not have hung on so strongly.

"Our thinking and policy were not in trouble, but the party was."

Now he is hopeful for his party's future, if only the boys (Pekka Vennamo and Urpo Leppanen) succeed, since "I myself will no longer run in an election."

The fate of the SMP, an incorrigibly disturbing influence in the Kekkonen republic, will be resolved in the Koivisto republic by the answer to the question as to whether the party is capable of holding on to the mobile voters it has secured.

The SMP has potential since the party is capable of attracting people. If the SMP does not try to take an opposition stand on national issues either, it can continue along its chosen path: The SMP may say one thing and do something else and disappoint those who believe that the responsibility of government will drive the party to frustration.

In Veikko Vennamo's opinion, the SMP's biggest problem is its change in style from a radical opposition party to a government party. "The masses don't move so easily and that's why I have joined in to handle this situation. But we have faith in people's good sense."

When asked about the very essence of the SMP, Vennamo replied smoothly:

He is of the opinion that the SMP has saved the Nordic social system and kept Parliament from continuing to be a leftist majority body.

He said that they have helped the Social Democrats get out of an untenable situation because, if a leftist majority had been elected, the Social Democrats would have been forced to implement its ideology.

He said that the SNP has always backed a Snellman-style, realistic foreign policy. He said that the SNP is a party that follows the Christian ethic, a vigorous party.

He said that his party has faith in a people that gets things done itself.

Vennamo sounds convincing and it is only afterwards that the thought creeps into one's mind: Was he being quite straightforward or was he also being sly?

Evolution of Support for SNP in Parliamentary Elections

<u>Year</u>	<u>Percentage</u>	<u>Number of Votes</u>
1970	10.5	265,939
1972	9.7	236,206
1975	3.6	98,815
1979	4.6	132,457
1983	9.7	288,435

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CSO: 3617/9

GREEN MOVEMENT STILL REFUSES TO ORGANIZE INTO PARTY

Helsinki HELSINGIN SANOMAT in Finnish 17 Sep 63 p 10

[Article by Uula Eronen: "Greens Get Ready for Municipal Elections Exuding Victory"]

[Text] That carefree horseless boy, the Green movement, is already scanning the horizon from his saddle in the direction of the municipal elections and is brimming over with the certainty of victory. The Helsinki Greens have calculated that they will win fully six councilman's seats instead of the one they now have in the elections to be held a year from now. The Finnish Rural Party and the Green movement have even now preliminarily discussed cooperation. This configuration may mess up other parties' already established political coalitions even more than before.

The Green movement lives like a caterpillar under a leaf and has faith in itself. Although it is just as poor as before, it has not organized itself into either a party or an organized movement. It forecasts victory for itself in the municipal elections to be held in a year's time.

Helsinki Greens councilman Member of Parliament Ville Komi and Executive Committee secretary Osmo Soininvaara, who holds a degree in political science, believe that the election campaign will somehow succeed now too and that they will be able to assemble enough volunteer workers.

According to Soininvaara, the municipal elections will now be the first elections in which the Green movement is taken seriously. It is no longer common to feel that voting for the Greens is the same as throwing away one's vote.

Competing with one another, the other parties have begun to blow the horn with regard to their own Greenness and are making an effort to include independent candidates on their tickets. They presumably think that they may in this way reduce the Greens' chances and popularity.

"We are not at all annoyed that the other parties have now so prominently played up their own Greenness," Komi said. "If their Greenness is not merely bluff, our Greens ought to be simply satisfied with the dissemination of our ideas."

Konsi and Konkkola Are Green Mannequins

The Green movement has not yet established itself in this society. The movement is still regarded as some sort of oddball. It is as if the public were looking for "little green men" in it. Of the Greens' parliamentary efforts, the man in the street probably only remembers Ville Konsi's changes of clothes and Kalle Konkkola's wheelchair gliding about Parliament, as if Konsi and Konkkola were some sort of movement mannequins.

At any rate the Greens have acquired a certain amount of popularity as a new "nonparty" and this popularity seems to be frightening the regular political parties. They are even now getting ready to assimilate the Greens in the municipal elections with their own "Greens."

According to Soininvaara, the Green movement is not taking steps to organize the municipal elections from above. "Perhaps local movements will arise on the basis of local conflicts, as should be the case in municipal elections. Different kinds of independent tickets are to be expected and people will not be able to say of candidates that this is one of our Greens and that one is not. This being the case, it will be well-nigh impossible to estimate, to determine national support for the Greens," Soininvaara said.

"It would be no accomplishment even if we were to win 17 councilman's seats in Helsinki and these councilmen were to call themselves 'Greens.' On the other hand, it will be an achievement if we gain councilmen from any ticket whatsoever who are intelligent and stand behind their platforms," was Konsi's opinion.

"Parties Tied to Construction Firms"

The Greens do not want to present any hocus-pocus tricks for the solution of Helsinki's problems. "Forced expansion of Helsinki is a mistake. The best way to combat the housing shortage is to relocate Helsinki jobs to other parts of Finland.

"Helsinki officials have, to be sure, come up with good ideas, but the question is how to get the political determination to back them up," Soininvaara summed the matter up.

In Soininvaara's opinion, the Greens best trump card as concerns municipal politics is the fact that the Greens do not have their own construction firm. "Such parties' own companies or firms appear to interfere with the sensible handling of Helsinki affairs since the parties' interests are tied to those of the construction firms."

Thinking in terms of the nation, there is no need for the port to be situated on a narrow peninsula. The port here increases traffic and the need for channels and, in Soininvaara's opinion, the port no longer produces anything for Helsinki. "The port of Helsinki is a state within a state and it has succeeded in securing for itself the most valuable piece of land around.

"The port does not have to be located at Vuosaari, within the city limits of Helsinki. It could be located at, say, Inkoo or any place to which a rail line could be built." Soininvaara would prefer to see homes in the port area.

Konsi would like to see mass transportation developed more than it has been: "While the Center and the Left are trying to keep ticket prices from rising, the Right at the same time is trying to keep tax revenue from being appropriated for equipment. What good are cheap tickets if there is no equipment?" Konsi asked.

Konsi also feels that the children's day care issue is still unresolved. "Every possible solution should be considered and we must try to discuss what would be fair for all concerned. There are a lot of fancy projects around, like an ice palace or a dog track, which will probably cost a lot. As such, I have nothing against them, but something is rotten in Denmark if we can't, for example, find 100,000 markkas to pay a teacher for retarded children."

"New Energy for Helsinki from Inkoo"

The Greens regard themselves as a channel through which so-called tabu issues can also be aired. "If an officeholder can rationally justify what given funds are needed for and why, we can prick up our ears and bring the matter up for discussion," Soininvaara believed.

One such "tabu issue" is, for example, the rise in the rate of a tax unit. According to Soininvaara, a Helsinki tax unit is 2.5 pennis lower on the average than elsewhere in the country, so that, if necessary, tax units could be raised.

The Vuosaari refuse dump is also a troublesome issue. In the opinion of the Greens, the dump should not be closed down at the end of the year. According to the Greens, it makes no sense to leave an already operating dump half filled. It could go on being filled until the end of 1987.

In the opinion of the Green movement, Helsinki's energy policy is a "flop." Helsinki ought to improve its relations with Imatran Voima [Imatra Power Company] as quickly as possible. "If personal relations are broken off, they can't negotiate either.

"Imatran Voima has 1,000 Mw at Inkoo that are unused. It would be a lot cheaper to bring a heat conduit in from there than to build a power plant on the Helsinki coast. Inkoo would also be suitable for an emergency coal reserve. We cannot work on the assumption that hundreds of millions of markkas are being wasted and environmental assets destroyed merely because Helsinki and Imatran Voima officials cannot get along with one another. Fear of the power of the state is preventing any sensible cooperation," Dr Soininvaara said.

Ville Konsi feels that municipal boundaries are senseless. The Greens are considering a common municipal policy program for Helsinki, Espoo and Vantaa with an eye to the coming elections. The matter is, however, still open.

The Green movement bemoans its lack of funds and wishes that political opponents would take the movement seriously. "We hope that they don't play dirty, mean tricks on us. We are defenseless, since we cannot respond to attacks with the power of money," Soininvaara said.

The Greens' "top ideologist," Soininvaara is worried that the movement does not even have enough funds to pay the salary of a municipal secretary if the number of Greens representatives on the municipal council and on municipal boards increases. They need a leader who has some sort of flair for politics.

"But it's already time to worry about it," Soininvaara said.

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CSO: 3617/9

STALINIST ORGAN ATTACKS CP DEFECTOR MATTIL

Helsinki TIEDONANTAJA in Finnish 8 Sep 83 p 2

[Editorial: "Who's Next?"]

[Text] HELSINGIN SANOMAT has published an article by reporter Uolevi Mattila, who has resigned from the SKP [Finnish Communist Party], which deals with SKP internal affairs in the same way as the articles by Poika Tuominen, who was a paid informer of the Okhrana [Czarist secret police] in the past.

The sting of Mattila's article was directed at relations between the SKP and the CPSU. He is, therefore, a typical Eurocommunist, although nowadays one is probably only a Euro when one resigns from the SKP.

SKP national policy has always acquired scope and national strength from the SKP's friendly relations with the Soviet Union and the CPSU. From Paasikivi and Kekkonen on, many other have in their own way also switched to that line.

Because of this, accusing the SKP of this sort of nationalism is stupid and fruitless. But in so doing, Mattila displays his own ignorance. He is a kind of Kauko Kare or Jaakko Okker in his own field, in which Mattila still succeeds only by increasing his mudslinging of the SKP. All in all a disgusting mollusk.

Uolevi Mattila's distinctive feature is anti-Sovietism. It is his hallmark and with it he applies for jobs. HELSINGIN SANOMAT and other nonsocialist newspapers' willingness to accept the presentation of Mattila's views tells us that the doors have already opened or are opening to him as they did in the past to Poika Tuominen.

Uolevi Mattila's case shows that a politically amoral group of people who are ready to sell anything at all at the right price exist and are begotten in the so-called majority. Mattila is not the only one in this bunch. Take a look at, say, Suosalo and other hardliners too. They are cleaning house there. Who's next?

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CSO: 3617/7

OTHER NEWSPAPERS COMMENT ON CENTRAL COMMITTEE PRESS DECISION

Helsinki HUFVUDSTADSELADET in Swedish 13 Sep 83 p 2

[Excerpt] The press decision by the SKP [Finnish Communist Party] is expected to cause trouble for the Socialists and "ax line" men within the people's democratic movement. The extreme left's problems are examined by TURUN SANOMAT and VAASA, which note the agitated voices that have been raised in SKP and SKDL [Finnish Democratic People's League] quarters to the effect that unification of the party can and must come about only on the minority's terms. The budget controversy is commented on by VASABLADET, which dwells on the role of the Finnish Rural Party [SMP] and Prime Minister Kalevi Sorsa's ability to handle the SMP. SYD-OSTERBOTTEN sharply criticizes the fact that the budget involves tax increases.

SKP and SKDL

The Communists and the People's Democrats are of interest to TURUN SANOMAT, which, on the basis of statements over the weekend by former SKP leader Aarne Saarinen, SKDL Secretary General Jorma Hentila, and Arvo Kempainen (a prominent figure in the "ax line" group), writes:

"Hentila really has reason to be pessimistic. A newspaper that is published four times a week would inevitably have repercussions on the current majority's newspapers and would also affect the SKDL's position.

"Hentila also assumes that the SKDL will not be able to influence the current basic constellation in the future if the new newspaper is conservatively dogmatic. This means that either the minority line will come to prevail or unity will be achieved on the minority's terms. In the same newspaper (KANSAN UUTISET), Arvo Kempainen sums it all up this way: 'So farewell 1960's! Welcome back, 1950's!'

"At the moment, it seems as though the SKP is reducing its size on behalf of unity. As Aarne Saarinen points out, that would meet the CPSU's expectations. As far as the CPSU is concerned, what is important is not the SKP's size but its relations with the Soviet Union. That approach has also become a major guiding principle in unification."

SKP's Unsolved Problems

There seems to be no end to the decline of the SKP and the SKDL, writes the Conservative Party's VAASA.

"Forced layoffs have made personnel in the SKP and SKDL party offices feel the effect of lower party subsidies since the March election. In those workplaces, people will be even more aware this winter of how closely activity and bread are linked to the party subsidy provided from the people's hand.

"The thoughts expressed by SKP chairman Jouko Kajanoja this summer concerning new goals for the SKDL are obviously going to go unheeded. According to him, attention should be paid to the fact that the concept of the "working class" is spreading to include more and more levels of education and groups of workers. The Social Democrats can be expected to see to it that the workers' votes go increasingly to the Social Democratic Party regardless of the siren song by the SKP and the SKDL.

"Kajanoja has thereby come out with a challenging thought. According to him, the traditional picture of the working class and the political activity based on that picture are inadequate as a guiding principle for activity.

"The SKP's and the SKDL's difficulties show that he is right. At the same time, the reception accorded the chairman's words demonstrates that the party's problems are not going to be solved by tacking the "working class" label on new groups of people and slipping the SKP's membership book into their pockets.

"The increase in general prosperity has meant that a narrow, class-based workers party has difficulty in awakening a broad response."

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CSO: 3650/1

CP MINORITY WING MAY HAVE WON IN STRUGGLE OVER PRESS ORGANS

Helsinki HUFVUDSTADSBLADET in Swedish 13 Sep 83 p 2

[Editorial by Rafael Paro: "Has the SKP Minority Won?"]

[Text] The party cadre seems to have realized what was coming, writes Rafael Paro in his commentary on the decision by the SKP [Finnish Communist Party] Central Committee concerning the press issue. Taistoites are winning the game.

Lenin wrote in 1901 that the party's newspaper should be not only "a collective propagandist and a collective agitator, but also a collective organizer."

In years past, the minority Communist newspaper TIEDONANTAJA has been an outstanding organizer. Around it the orthodox core of Marxist-Leninist communists in Finland has gathered as various sectarian and revisionist currents have swept the world in the form of Maoism, Eurocommunism, and so on.

Has the time now arrived--has that firm and uncompromising minority, faithful to ideals and doctrines, exhausted the majority and driven it into a corner--into an economic and political dilemma in which the majority's only options are internal disintegration and external adaptation?

That question can be asked following Sunday's decision by the SKP Central Committee concerning the burning and central issue of the press. The majority in favor of the press settlement as outlined was unexpectedly large. Effective at the start of next year, the Central Committee will begin publishing a new weekly newspaper to replace the theoretical journal KOMMUNISTI and the already discontinued internal information organ, PAIVAN POSTI. By 15 January, the SKP's Political Committee will have prepared a proposal under which the new (and as yet nameless) weekly newspaper and the minority organ TIEDONANTAJA will merge to form a newspaper that will be published four times weekly. The proposal will be approved by the SKP congress in May, and shortly thereafter, the new newspaper will begin publication to make the SKP's policy known "to the masses." The new newspaper will be the Central Committee's mouthpiece. Minority leader Taisto Sinisalo says that it must therefore be viewed, in keeping with international custom, as the party's chief organ. KANSAN UUTISET, the organ of the SKP and the Finnish People's Democratic League [SKDL], will remain. While the minority has rallied to TIEDONANTAJA over the years, the majority has backed

KANSAN UUTISET. According to Taisto Sinisalo, KANSAN UUTISET is still needed as the common mouthpiece of the people's democratic movement. But as a result of Sunday's decision, KANSAN UUTISET's editorial staff will be broadened ideologically so that "work for the newspaper can reflect uniformity with all the movement's forces." In practice, this should be understood as meaning that KANSAN UUTISET must adapt to the new winds blowing through the SKP Central Committee if it wants continued economic support in the future.

The entire operation looks like a maneuver aimed at stirring up the communist corps of journalists. The new weekly newspaper and its impending merger with TIEDONANTAJA, as well as the "broadening" of KANSAN UUTISET's editorial policy, create the conditions for personnel changes, which in turn will make it possible to correct the ideological course. Quite simply, the intention is to neutralize hotheads on the party's fringes. But it is very clear that the minority's spokesmen will be subjected to the fewest attacks.

The plan reflects a solution on the minority's terms. The majority has been forced to make the best of it. The ability of the so-called "ax line" to influence developments seems to have been exhausted, since the majority sees the minority wing's uncompromising stand as more crucial to the future of the entire party and its international relations. The defeat in the parliamentary elections meant reduced party and press subsidies, and in such a situation, the circle around TIEDONANTAJA was in a better position to put its house in order than the majority Communists supporting KANSAN UUTISET were.

The party cadre seems to have realized what was coming. There is no other way to interpret Sunday's vote of 46 to 3.

After all his travails, party chairman Jouko Kajanoja has finally succeeded in putting a feather in his cap in preparation for the congress in May. If the press agreement holds, he has a chance of being reelected. Left out in the cold are the SKDL Socialists headed by Kalevi Kivisto. Economic realities are getting tougher, and KANSAN UUTISET ought to be placed under the authority of the minority wing. Perhaps that will be easier now that the entire people's democratic movement plays no part in government cooperation. But the internal showdown was so tough and merciless that it will be a long time before the wounds heal and the "normalized" party is able to turn its downward trend in elections into a new upswing.

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BRIEFS

DWINDLING LIBERALS LOSE ANOTHER LEADER—Former Liberal, former independent and current Social Democrat Seppo Westerlund wants to be an influential figure in the SDP [Social Democratic Party]. "I'm not saying that I want to be a municipal councilman or a member of Parliament, rather above all I want to work behind the scenes in the formulation of party platforms, among other things," Westerlund announced. Westerlund, who is on the Espoo Municipal Council, does not yet know whether he will run for a seat on the council as a Social Democrat in next fall's municipal elections. He had even less to say about a possible attempt to get into Parliament. "It's much too early to say. It's over 3 years to the parliamentary elections." In joining the Social Democrats, Westerlund sees himself as having moved from being an independent grumbler into a group of constructive people as an influential figure in the party. Seppo Westerlund was a Liberal member of Parliament from 1970 to 1979 and defense minister from 1976 to 1977. He resigned his membership in the Liberal Party when he joined the Center Party and since then he has been an independent member of the Espoo Municipal Council. [Text] [Helsinki UUSI SUOMI in Finnish 15 Sep 83 p 3] 11466

CSO: 3617/9

LAJOINIE ON ARMS REDUCTION, TAXES, GOVERNMENT ROLE

Paris L'HUMANITE in French 26 Sep 83 p 3

[Text] Andre Lajoinie , secretary of the PCF (French Communist Party) Central Committee and president of the National Assembly's communist group was the guest of "The Press Club" program yesterday evening on Europe 1.

When questioned first on events in Lebanon, Mr. Lajoinie referred to the "ceasefire point of view" that would now exist in that country. He remarked that, when Jacques Chirac and other right-wing French leaders "were calling for an escalation in violence," it was good that Georges Marchais, in the name of the PCF, had kept in mind that nothing should lead our country into involvement in this war. Mr Lajoinie then indicated the desire, as expressed by the communists, that "France ask the U.N. to take measures" contributing to finding a political solution and one that would be negotiated by all parties concerned. Lajoinie clarified that if such a situation should prove to be impossible, "it would then become necessary to remove the French presence," in order to avoid our country becoming "entangled in the web." "Our concern," stated the communist chief, "is that France play a constructive role in bringing about a united and democratic Lebanon."

"There is money in this country."

Next came the debate on the subjects of taxation and the 1984 budget. After pointing out that the main priorities, such as research and education were being upheld, Lajoinie mentioned the problem of the "distribution of the tax burden." He noted, specifically, "the difference between how job income is taxed," particularly for salaried employees, and "how capital income and capital itself are taxed." The president of the National Assembly's communist group, believing that this was neither good for "justice" in our country, nor for our economy, emphasized the need to establish a "surtax ceiling" on monthly incomes of over 30,000 francs.

Mr Lajoinie emphasized the need to "take more from those who have the means." "In France, there are ten thousand billionaires in centimes," he commented. "Why not impose a special surtax on fortune taxes?" In any event, this is the gist of the PCF proposals. Mr Lajoinie also mentioned the "69 percent interest" that the "Giscard loan" would bear this year. "There is money in this country," noted the communist leader, who made reference to a party organized by the right-wing, during the course of which several billions were spent for the purpose of launching a newspaper.

Arms reduction

When asked next to comment on the issues of peace and disarmament, Mr Lajoinie pointed out that "if nothing is done, between now and the end of the year, American missiles will be installed on our continent." Acknowledging the "great opinion movement" developing in Europe, the communist leader pointed out that this installation would start up the arms race again, "upsetting the strategic East-West balance." "Nuclear missiles on both sides must be reduced," Lajoinie remarked, recalling that the President of the Republic and the Prime Minister have expressed a desire for balance "from the bottom up." In international negotiations, "the power of the French to dissuade must be taken into account," noted Lajoinie, who then emphasized that the "perimeter" orientation of our national defense must be maintained.

If, on the issue of balancing forces in Europe, "there are differences," continued Lajoinie, "then the solution must be found not in the arms race, but instead in arms reduction."

Asked about the situation in Corsica, the communist group president emphasized that the PCF condemns terrorism "in the strictest manner," pointing to its similarity to banditry. "The law must be applied in Corsica, the same as anywhere else," he said, "but the problem in this region is not new," and is due to the "permissiveness" and "negligence" of right-wing governments. The question is therefore to bring about a solution. It is necessary, insists Lajoinie, for the regional assembly to "play its role" and be "very firm" in its stand against terrorism, while at the same time being "very constructive."

The issue then arose concerning "differences" between the PCF and the President of the Republic. The communist group president replied that "we are in agreement with the objectives established" by Mr Mitterand and with those defined in the June 1981 agreement between the PCF and the PS (Socialist Party). He added that with respect to government, the communist ministers "do their homework."

"When we have proposals to make," he continued, "we make them." It is "normal" for it to be that way and for criticism to be expressed. Lajoinie gave the example of the CGE-Thomson agreement. He commented that the PCF had admitted some "concern," particularly with respect to estimates for lay offs and the fact that the workers had not been consulted. "Our concerns," he remarked, "were not that different from those of the government, given that it had indicated in a letter that nothing should be done before consulting the workers" and that job security was a necessity.

On the subject of class struggle, Mr Lajoinie believes that the President's "desire" for a "coming together" is "understandable." While the PCF Central Committee emphasizes that the class struggle is intensifying, that does not mean, he stated, that "we are going to climb up over the barricades." "We will make an official statement." Management and the right are "in complete symbiosis" and are increasing their actions against the left. While their objective at one time had been to "destabilize the government" by speaking

about anticipated elections for example, today they have "withdrawn their claws," so to speak, while trying at the same time to undermine the economy. The "political will" is to deal a blow to those in advanced posts and to put the brakes on economic recovery. "That is what the class struggle is about." It is the "bourgeoisie that is intensifying the class struggle." In order to oppose "these antinational plots," what is needed is to mobilize "a large group of workers."

Attacks against the communists, continued Lajoinie, are directed against the left as a whole. They strike at democracy, since one does not insult 4 to 5 million voters.... When questioned about the expression "the false left" or "the American left," Lajoinie remarked that this expression "is not ours." Those who are described in this manner, he stated, are people who "say they are leftist or who are leftist, but who think that they can make advances by increasing their concessions."

With respect to the topic of austerity, the communist group president pointed out that "reducing the purchasing power of workers is not going to lift the country up out of its difficulties." He mentioned the PCF Central Committee's report on the necessity of "new growth" and social justice. He emphasized the importance of making certain reforms concrete, such as the ones concerning the new rights of workers or decentralization.

Finally, he was asked whether, in the event of the opposition's success in the 1986 legislative elections, could there be peaceful cohabitation between the President and the right? Lajoinie pointed out that this was a hypothesis advanced by Chirac and that there were two problems with this notion: One is an institutional, concerning putting into practice the 1958 constitution, and the other is political. "One of the two, or both, will have to change," he commented, before stating that the communists did not subscribe to that hypothesis, but had made the decision to succeed. "We can win in 1986," he concluded, "we have every chance in the world—but only if..." we take action against unemployment, and in favor of economic recovery, etc.

The program ended with the communist group president's remarks concerning the results of the senatorial elections. He noted "a certain stability" and "unfair" polls which allotted the PCF only eight percent of the seats with 16 percent of the votes.

12412

CSO: 3519/23

PSP 5TH CONGRESS LAYS FOUNDATION FOR ELECTION OF SOARES IN 1985

Paris LE MONDE in French 4 Oct 83 p 4

[Article: "Socialist Party Unites Around Soares"]

[Text] Lisbon--"Reconciliation" was the key word at the 5th Congress of the Portuguese Socialist Party [PSP], which brought together about 1,000 delegates in Lisbon from 30 September to 2 October. This was a reconciliation between the majority of the party, led by Prime Minister Mario Soares, and a handful of leaders, almost all of them former cabinet ministers who in December 1980 had "dared" to support the re-election of General Eanes to the presidency of the republic, against the views of the secretary general of the party.

The days preceding the congress were marked by successive meetings between the socialist leader and some of the best known leaders of the minority faction, particularly Constancio, Sampaio, Sousa Gomes, and Cravinho. For these figures it was a matter of ending their isolation, which was hardly favorable to them. In fact, the members of the minority faction had never displayed any ideological coherence. With the passage of the years the divisions between the members of the minority faction had only accentuated. The group was tending to fall apart. So why not negotiate an honorable surrender?

For Soares it was a matter of preparing for the presidential election of 1985, in which he will undoubtedly be a candidate. In view of this convergence of interests, it was easy to reach agreement. At the party congress the members of the minority faction would not attack the government. In return, they could count on a certain amount of good will from the strong man in the coalition between the socialists and social-democrats which is presently in power. Everything worked out as planned, and the 1983 party congress was the least "contentious" in the history of the Socialist Party.

As the only candidate for the post of secretary general of the party, Soares was re-elected with 86.4 percent of the votes. For the national committee of the party three lists of candidates were presented: the majority list, which received 63.5 percent of the votes; the list headed by Sampaio and Constancio, which received 32.4 percent of the votes; and finally, a list led by Curto, the former minister of labor, who, as a representative of the "worker" faction of the party, received 4 percent of the votes by the delegates.

A motion which sought to eliminate any marxist references from the party aroused some reservations. However, there was no direct clash on this subject. The draft motion was approved as a whole by those attending the congress. The draft will be substantially changed by the national committee of the party, so that, as one speaker put it, the Socialist Party is not losing its "socialist" character.

A very substantial number of delegates wanted to designate Soares here and now as the official candidate of the party in the presidential election of 1985! Soares thanked them for their efforts but asked the congress not to make a decision on the matter. He explained: "With 2 years to go before the elections, approval of such a candidacy at this time could destabilize the democratic system of government."

5170

CSO: 3519/33

DEBATE OVER CREDIBILITY OF NEUTRALITY AS SEEN FROM USSR

Helsinki HELSINGEN SANOMAT in Finnish 18 Sep 83 p 34

[Commentary by Vesa Santavuori]

[Text] Both the official and debating circles of Sweden more and more obviously have drifted into a situation where the validity of the basic decisions in security and neutrality policy are being discussed in terms that have changed under current circumstances.

It is not a question of abandoning neutrality as such. Neither are demands being made for changes in the so-called security policy equilibrium of the North.

The question concerns subtle adjustments which affect the character of fundamental decisions both in the defense establishment itself as well as in the impression that they desire to give of the innermost nature of the Swedish neutrality.

The question of how the "neutrality" of neutral Sweden appears in the eyes of the Soviet Union which has grown into a military giant has been transformed into a matter of conscience.

Truly as a matter of life and death one question stands out: Can Sweden keep up in the arms development race in such a manner that when the stand-off comes both superpowers can rely on Sweden's ability to stay outside the conflict?

The statement published by the defense forces on Friday, which confirmed that the foreign submarines were continuing their activities in Swedish territorial waters despite Swedish protests, gave impetus to the latest phase of discussions.

The Swedish Defense Minister Anders Thunborg drew new inferences in security policy from the continuing violations.

"Unfortunately the North is no longer outside the great power strategic sphere. Although the danger of a separate strike against Sweden has not increased, the entire North would get entangled more quickly in a great power conflict than we had envisioned previously."

Thunborg also said that in the course of the coming two years the main thrust of the Swedish defense planning will change very little. Much more attention will be paid to submarine defense. To some degree it will make the forward elements of defense more effective.

In this way the Swedish press commented Saturday on Thunborg's statement. There is a definite difference in tone when compared to earlier pronouncements of Foreign Minister Lennart Bodstrom. But there were issuers of statements by ministers in other areas also.

The foreign minister has reiterated often that the circumstances of the security policy at this time have not changed appreciably on account of the submarine incidents.

"New Signals"

For this reason the conservative newspaper SVENSKA DAGBLADET sees "new signals" in the foreign minister's statement of Friday. The independent DAGENS NYHETER interprets the signs by concluding that now it is more important than ever to safeguard Sweden's neutrality both politically and militarily.

SVENSKA DAGBLADET on the other hand, presses for increased military strength. "Reliance on security diplomacy as the most important tool is far too vulnerable so it would be advisable to take a position unilaterally against it."

As for DAGENS NYHETER it published in addition to its lead editorial the views of the peace specialist Wilhelm Agrell on the matter. Agrell underscored particularly diplomatic means as the outpost of weaponry.

The central observation brought forth by everybody was the fact that the Swedish government on Friday--after publication of the report of the most recent submarine incursion--did not wish to name "the foreign power" accused of the violations.

"The evidence was not sufficient," Defense Minister Thunborg said on Friday. At the same time the allegation was made that the intruders conducted themselves more circumspectly than previously.

On the political level it may be interpreted as a sign of a desire for compromise if the intruder's discretion becomes greater than before. On the other hand, the military leadership announced in clear language that it has and will continue to shoot hard and straight.

The intruding power under greatest suspicion, while still not named, was certainly hinted at.

According to the unanimous interpretation of the press and the right-wing opposition, the perpetrator quite obviously is the Soviet Union.

Because the Soviet Union is not named the Palme administration avoids drawing official and painful conclusions as to why the violations of Swedish territorial waters continue, DAGENS NYHETER makes clear.

Peace specialist Wilhelm Agrell draws inferences even more vigorously than this.

In his view "the Soviet Union's activities in the submarine crisis demonstrate that it does not greatly respect Swedish territorial integrity."

9655

CSO: 3617/13

'POWER PLAY' IN FOREIGN MINISTRY REPORTED

Stockholm SVENSKA DAGBLADET in Swedish 31 Aug 83 p 2

[Text] What is happening at the Foreign Ministry?

The truth is that since the new government took over on 8 October 1982 the Foreign Ministry's Office for Disarmament and Security, called "pol 6," has been dissolved just in time for the Stockholm conference!

This is not a coincidence. This event, which has occurred in silence, is part of a conscious effort to introduce party politics in the Swedish foreign service.

By the time the Stockholm conference begins near the end of the year, most of the officials with competence in the area of disarmament and security policy will have left pol 6 after being "frozen out" or transferred--to avoid the more loaded term "purged."

The political staff of former Foreign Minister Krister Wickman has taken over the Foreign Ministry. This staff was driven out by Wickman's successor Sven Andersson, who replaced them with Sverker Astrom, who was then deputy foreign minister.

But now Wickman's boys are back at their strategic posts.

The former chief of pol 6, department head Bjorn Skala, has been appointed envoy to the embassy in Paris.

Previously Skala had been promised the position of ambassador for the Swedish disarmament delegation in Geneva. Instead, Rolf Ekeus, former envoy in Paris and known as one of Wickman's boys, was appointed ambassador. Ambassador Ekeus and Ambassador Theorin also seem to hold similar views.

The new head of pol 6 is department head Ulf Svensson who is well known from Wickman's time as being extremely loyal to the foreign minister.

The massacre among the pol 6 leadership resulted in part from what Ambassador Theorin called its all-too "metallic" view of reality and, in part, from the much discussed Bahr affair. This reflects a desire to have politically loyal

officials in the area of disarmament.

After the Bahr affair, both the Foreign Ministry leadership and the Cabinet Office expressed dissatisfaction with pol 6.

In the wake of this affair Deputy Minister Lars Norberg who, under Skala's leadership, was primarily responsible for the Swedish "trial balloon" concerning a nuclear-free corridor in Europe, was appointed ambassador to Zimbabwe. It was Norberg's secret memorandum that later was made public by DAGENS NYHETER.

In view of Norberg's expertise, however, the Foreign Ministry leadership has asked him to remain in Sweden through the Stockholm conference.

Department Secretary Nils Eliasson, who requested permission to serve abroad, is leaving pol 6 to serve at the secretariat of the Stockholm conference.

Department head Mats Marling, the Foreign Ministry's expert on security policy, also will leave pol 6 to become embassy counselor in Athens.

Department Secretary Mikael Lindstrom will assume a position at the embassy in Washington.

His colleague Lars-Erik Lundin also will leave pol 6 to serve in the Swedish delegation to the Stockholm conference.

One reason so many have "voluntarily" left pol 6 is that the "working climate" has not been the best. The result has been that none of the Foreign Ministry experts who have been involved primarily with disarmament and security policy remain at the Foreign Ministry.

The vacant positions that now must be filled by new experts include areas such as the nuclear-free Nordic zone, the European corridor, and the Stockholm conference. The ESC (European Security Conference) in Madrid also has been handled primarily by pol 6 officials.

Over a short period of time, expertise in these complicated areas has been eroded by the total breakup of pol 6.

But Ulf Svensson and Rolf Ekeus are not the only members of the Wickman gang now working in the Foreign Ministry leadership.

Pierre Schori is cabinet secretary, a position that previously has been held by prominent career diplomats.

Peter Landelius is embassy counselor in Madrid. His task is to remain in close contact with Spanish Prime Minister Felipe Gonzales, also known from the Socialist International.

Ulf Hjertzonsson was appointed head of the deputy minister's office.

No one in Wickman's old Foreign Ministry circle ever tried to conceal his political affiliations.

It should be added that the new pol 6 chief at the Foreign Ministry is Jan Eliasson, a career diplomat who is held in high esteem.

He was transferred temporarily from the Foreign Ministry to assist Olof Palme in his current task as mediator in the Iran-Iraq conflict. Eliasson continues to monitor the war on behalf of the prime minister.

After Eliasson served several months in the Cabinet Office as a foreign policy advisor, he was succeeded by Hans Dahlgren, Palme's former press secretary.

Finally, Magnus Faxen, head of the press bureau of the Foreign Ministry, is appointed consul general in New York. It is not known who his successor will be. When the new government took office back in 1982 our ambassador to Algeria Jean Christophe Oberg let it be known that he was available if needed.

Considering what has happened so far at the Foreign Ministry, it is possible that Swedish diplomacy will receive an additional tinge of party politics when a new press bureau chief is named.

9336

CSO: 3650/2

OZBILGEN INTERPRETS POLITICAL MEANING OF NSC VETOES

Istanbul CUMHURİYET in Turkish 21 Sep 83 p 7

[Article by Fusun Ozbilgen: "Vetoed Will Shed Light on New Political Order"]

[Text] The results of the investigation conducted by the National Security Council [NSC] on party and independent candidates will be announced today or tomorrow the latest.

The distribution of the vetoed candidates among parties, the situation of the vetoed independent candidates and the candidates who are approved by the NSC will throw light on the political arrangements of the coming period.

It is known that during its long meeting in Ankara on the eve of the holidays the NSC investigated the situation of the candidates who will stand election for parliament. According to rumors reaching various party headquarters, the number of vetoed party and, in particular, independent candidates "may be above what was expected."

These days most conversations in political backstages are focused on which party's candidates will receive the most vetoes, what it would mean if 250 to 300 of a party's candidates are vetoed and whether vetoes to be cast against independent candidates--which will reportedly be many--will arise from anxiety that they may cause difficulties in the implementation of the election law rather than from the personalities of these candidates. Another issue that is being discussed is whether persons who were not vetoed as party founders will be vetoed as candidates and what it would mean if they are.

The fact that the NSC extended the investigation period for candidates who will replace the vetoed candidates from 2 days to 7 days and the fact that it gave parties an additional chance by asking them to submit the list of replacement candidates together with a "list of substitute candidates" have given further credence to reports that the number of vetoes to be cast will be quite high.

The NSC reportedly extended the second investigation period to 7 days in order to be able to conduct the necessary background checks on the new candidates who will replace the large number of candidates to be vetoed. The request for substitute candidates to accompany the names of the replacement candidates is being interpreted as an indication that the second set of vetoes "may be as far-reaching" as the first one and as an effort not to leave party candidate lists with gaping holes in them.

The vetoes to be announced will not only provide some indication of the NSC's wishes for the structure of the new political period, but also will determine which parties will have to take what course on the way to the 6 November elections. In a statement some time ago in connection with vetoes cast against certain party founders, President Kenan Evren said in proper language that no one should feel hurt by these vetoes, that these vetoes should not be interpreted as expressions of personal rejection and that these vetoes, in one sense, are "a means to shape the political structure of the future." Political circles expect that the vetoes to be cast against party and independent parliamentary candidates will also be used in the same sense.

As is known, vetoes cast against party founding members prevented the Social Democracy Party and the Correct Way Party from entering the 6 November elections even though both parties had completed their organization. However, though these two parties lost their chance to participate in the elections on 6 November, the fact that the second list of founding members submitted by these two parties were not completely rejected allowed them to continue as political entities. This way, while permitting the participation of only three political parties in the 6 November elections, the NSC granted political identity to the other parties that could not enter the elections.

The NSC vetoes to be cast against parliamentary candidates will reportedly serve the same purpose with respect to the parties that were allowed to participate in the elections. It is known that the vetoes will be particularly significant in the case of small provinces where candidate names carry a great amount of importance. Such comments undoubtedly pertain to the likelihood that vetoes may be cast against candidates other than those whose "personalities are not found suitable for the new parliament."

The first set of vetoes that will be announced soon and the second set vetoes that will be announced 7 days later in connection with replacement and substitute candidates will say a lot to the parties on this issue.

9588

CSO: 3554/15

TIGHT MONITORING OF POLITICAL PARTY FINANCES

Istanbul TERCUMAN in Turkish 21 Sep 83 p 8

[Text] Ankara--The political parties, which have spent millions during their formation, organization and election campaigns, will have to account for every penny that flows out of their coffers. According to the Political Parties Law, the parties' finances will be audited by the Constitutional Court.

Stating that the Constitutional Court Organization Law must be enacted as soon as possible to make the auditing of the parties' finances possible, officials said that the implementation of the provisions of the Political Parties Law pertaining to the financial auditing of the parties will be clarified in the next few days.

According to the Political Parties Law, party provincial headquarters must prepare budget drafts showing their estimated annual revenues and expenses--including those of the district organizations--and must send them to party general headquarters before the end of each October. The party general headquarters must then prepare the general party budgets on the basis of this information and must have them approved by the party's central executive and administrative councils before the end of each December preceding the pertinent calendar year.

Party leaders must then submit these finalized budget reports to the Constitutional Court and the Office of the Prosecutor of the Republic.

Audit by Constitutional Court

The Constitutional Court will audit parties' finances on the documents they submit. However, it will be able to ask for verifying documentation on any portion of the final account sheets. The court will also be able to carry on its audit on the basis of reports prepared by auditors from the Exchequer and Audit Department and experts from the Ministry of Finance. The court will further be able to carry on its audit through in situ investigations in the parties' general headquarters or regional offices conducted by the court itself or by an appointed member of the court or by the most senior juridicial or administrative arbiter in the region concerned. The court will also be able to appoint pledged experts for this purpose.

Undocumented Income to go to Treasury

During such investigations, the court will be able to ask the leader or the representative of the party concerned to submit a written opinion. If warranted, it will hear oral explanations from officials as well as appointed experts. If, at the end of an audit, the court determines that the party concerned has obtained revenues from undisclosed sources, that amount will be turned over to the Treasury. If warranted, the court will be able to order party property equivalent to unsubstantiated party expenses turned over to the Treasury.

9588

CSO: 3554/15

MUMCU ON POLITICAL PARTY ADVERTISING CAMPAIGNS

Istanbul CUMHURİYET in Turkish 21 Sep 83 pp 1,11

["Observation" column by Ugur Mumcu: "Politics and Advertising"]

[Text] The Nationalist Democracy Party [MDP] and the Motherland Party [ANAP] have reportedly signed accords with advertising firms to conduct their election campaigns. These firms, which previously ran commercials for banks, brokers, detergents, newspapers, clothing and beer, will now advertise our Turkish-style liberal parties. Political advertising that is common in the West will thus be introduced to Turkey.

We hope that this highly-developed advertising mode will be beneficial to our underdeveloped democracy.

For some reason, we have always remained oblivious to the social developments that have made the West what it is and have always been interested in superficial issues. We have always left aside the substance of the issue and adopted the veneer. That is what we are doing now.

Anyway, this is not the time to discuss such issues; let us turn to the advertising issue.

So it seems that we will soon have "catchy phrases" like "24 January is under this roof" as in "beer is under this cap", or "you can notice from a distance that he will save the country" as in "you can be noticed from a distance."

Let no one doubt that we will have great success in this "American-style" portion of the work.

Of course, this is Turkey, and there will be occasional mishaps. For instance, what will happen if political advertising starts looking like detergent or household cleanser commercials? We can get interesting phrases such as "there is anticommunism and there is more anticommunism" as in "there is white and there is whiter", or "try the new party; you will see the difference."

But it would be best to find "semi-heroic" commercials. Let us help, if you like:

"We were happy like children in thousand-horse raids/ See how we reduced inflation in a fraction of a decade."

"Free enterprise is our soul/ We offer our blood for that goal."

Good commercials should take every available form. For example, it would be nice to write "serialized strips" for political parties. Ibrahim Tatlis and Nukhet Duru or Ajda Pekkan and Ekrem Bora are ideal couples who could pose for such strips.

Just to be helpful, let us construct a small plot:

Ajda Pekkan is a famous singer. While relaxing in her seaside mansion after an overseas tour, she gets invited to a cocktail party. There, she meets a wealthy businessman, who is also a partner in a newspaper. The businessman, who is married with two children, falls in love with Ajda. First the eyes, then the hands touch each other, and the businessman asks: "Which party will you vote for?" The beautiful singer replies: "That one." The businessman is very pleased with the reply. He says: "My newspaper also supports that party. My chief editor will appear in a television commercial with one of the party leaders." Meanwhile, Ajda starts singing one of her popular songs:

"So many came and so many walked through my life."

The Tatlis-Duru plot is more realistic. Ibrahim is a worker in a construction site. Nukhet, a close friend of the owner of the project, one day comes to see the site. Just then, Ibrahim is in the middle of his folk song, "Sabuha." Nukhet is captivated by Ibrahim's voice and takes him to the night club where she works. Soon, Ibrahim starts singing on stage and becomes famous. This man with humble roots earns both recognition and some money. Nukhet advises Ibrahim not to spend his money and to save it. Ibrahim deposits his money with a broker who eventually goes bankrupt and who turns out to be a distant relative of Ibrahim. Things go awry, and in the last scene Ibrahim is seen alone, making meat balls on the construction site and singing: "When I die do not come to my grave." Just then, a commercial message appears: "Down came inflation/Middle class devastation."

Putting jokes aside, there has reportedly been some trouble with these arrangements and one agency has attacked the political ideology of another agency and has charged that that agency should not run commercials for the MDP. The head of the accused agency, on the other hand, has defended himself by saying that "this is a professional matter."

Advertising agencies cannot have political ideologies. Advertising is a product of capitalism in the full sense of the word. Many people who work in advertising agencies are capable programmers who have served in the TRT [Turkish Radio and Television Administration] in the past. For various reasons, these people have been shut off from television screens or expelled from TRT. The one who would know them best is MDP administrator Musa Ogun, a former TRT director. How could we know?

MDP leader Turgut Sunalp will have no problems in the video business. It just happens that the owner of the largest video company in the country is a relative of his.

Demir Baron Sarol, the son of Mukerrem Sarol, who was a close associate of Adnan Menderes and who served on the Democratic Party cabinet, is also a relative of Sunalp's. It was probably for this reason that Sunalp kissed Celal Bayar's hand before entering politics and received the former president's blessings. Can anyone be defeated when he has Bayar's blessings and Sarol's video equipment on his side?

The only thing that our democracy lacked was the presence of advertising firms in political campaigning. Happily, that gap has also been filled.

Let us join this advertising craze with a small contribution of our own: "There really is no difference between us."

9588

CSO: 3554/16

INTERVIEW WITH NDP LEADER TURGUT SUNALP

Istanbul CUMHURIYET in Turkish 27 Sep 83 p 7

[Interview with Nationalist Democracy Party leader Turgut Sunalp by CUMHURIYET correspondent Hayva Can; date and place not specified]

[Text] Pointing out that he is "not a young man looking for a future", Nationalist Democracy Party [NDP] leader Turgut Sunalp said that he is "a humble and modest person." Sunalp said: "I know my capabilities and what I can do. I have a lot of confidence in myself. I never think about failure; I would not start anything if I thought it could fail." Sunalp added that his venture into politics was "not received too well" by his spouse, Suzan Sunalp.

Reflecting that the thing he would "want most in life is having a daughter", Sunalp said: "The most important thing for a leader is to think, to think and to think."

Below are our questions to the NDP leader and his answers:

Question: Why are you making a bid for taking over responsibility for 50 million people?

Sunalp: We analyzed the general situation. The country is in a state of transition to democracy under very grave conditions. These grave conditions include domestic as well as foreign factors. Since I have had the opportunity to assess the foreign factors, I believe that these foreign factors pose a grave threat to Turkey. These grave foreign conditions stem from both friends and foes. It is necessary to demonstrate in the light of the deteriorating situation in the Middle East that Turkey's geopolitical and geostrategic importance has increased. Turkey is obliged to be the most stable and the least problematic country in the Middle East. As I have often said, Turkey is condemned to be that way. From a perspective of our problems, the first condition of that obligation is unity and the second condition is the establishment of peace and tranquillity. If our people can live in peace, tranquillity and unity, they can defeat the economic problems that are reflections of the world economic crisis onto our country.

Question: Are you saying that our problems will be solved if we can improve our economic situation?

Sunalp: Today, Turkey is facing problems that are of the form "the chicken or the egg" in their origin. We can think as follows: If Turkey improves its economic situation, people living in comfort will not start any troubles. Therefore, Turkey must rapidly improve its economic situation. On the other hand, if there is no peace and unity in the country it will be difficult to set the economy on the right course.

When I wrote the declaration of the formation of our party, there were ten problems before us. None of these ten problems can have higher priority than the others. Priorities can be assigned only to problems of the same category. An administration that has to deal with all the problems of a country must be a far-reaching administration. Each branch of the administration must tackle the problem it is assigned to. If I am going to tackle the economy, it does not mean that I will not tackle red tape and bureaucracy. If you do not tackle all those ten problems concurrently you cannot straighten the economy.

Question: Let us return to the first question. Why are you making a bid for taking over responsibility for 50 million people?

Sunalp: You are asking me why I trusted myself and tried to form a party. The individuals who have the courage to do that in this country can be counted on the fingers of one hand. These individuals must be experienced. In fact, I think that the people who will form parties must be new names. Because the 12 September operation banned the old politicians and envisioned creating a new generation of politicians. But this does not mean that the old politicians were completely thrown out of the political scene.

Question: How did you form your political cadres?

Sunalp: In forming the political cadres, I tried to establish two balances. Firstly, I tried to strike a balance between extensive experience and dynamism. Consequently, 12 percent of the founding members of our party are experienced politicians.

Question: Is not that proportion a little too high? Does it also not contravene the philosophy of 12 September?

Sunalp: No, it is not too large a figure. The second balance pertains to the fact that this country would like to have in the assembly local personalities who know the country well and who will put the country's problems before the assembly. This country needs a group of 60 to 70 people who can represent Turkey at home and abroad, who are largely career civil servants, who speak foreign languages well and who can assess Turkey's problems on a scientific basis. That is how we established the second balance. I believe that a political team of this composition can lead the country to success. Also, when I said new politicians, I did not mean the inclusion in the team of people who cannot be politicians.

Question: Could you describe your qualifications?

Sunalp: I taught organization [at the university]. I am both knowledgeable and insistent about organization. Among my abilities, I can work continuously

without any sleep. I am strong-willed. I never give up on anything. I overcome all obstacles no matter how hard they are. In addition, I think that I am quite intelligent. These are the capabilities of a man. I am a humble person, but I am not modest. Because I have met many people who swell with pride behind their modesty and who think they are always right but who conceal it and say "how dare I say that." Such people call themselves modest. I have always noticed that people who say they are modest have enormous egos. A modest person is one who does not know oneself.

I know my capabilities and what I can do. I have a lot of confidence in myself. If you want to see my human side, you will immediately find out that I am a very humble person. What is important for me is love for other humans. I will take over responsibility for 50 million people because I love people and my nation and because I have confidence in myself. What is important for me is love for other humans. Sometimes people come here and tell the same story five times. I listen to them patiently. I have been listening to people for the past five and a half months.

What is important is producing work, not producing words. If you notice, I am a man of few words. To listen and to think... These two are important. The only complaint I have here is that I am not allowed time to think. That is why I go into seclusion at night to read reports and by 1:00 am I am through with my reading. Until 3:00 am, I walk up and down my room and think. I record some of my thoughts in a notebook.

Question: How did Mrs Sunalp respond to your decision to enter politics?

Sunalp: In our marriage, we have drawn our man and wife limits not by agreement but through habit. At home, I do not interfere in my wife's affairs; she is the mother of the house, and she can do whatever she likes. I only make suggestions. Sometimes she asks me for advice, and I tell her what I think. My wife listens to my business at home and outside, but she never interferes. But I can tell from her expression what she likes and does not like. Neither my wife nor other members of the family responded too well to my decision to enter politics.

Question: What capabilities does a person need to become a leader?

Sunalp: A person needs eleven capabilities to become a leader. The first of these is the ability to understand people. A leader must understand people. I strongly believe in the common sense of the nation. In fact there is no one who does not believe in that. The common sense of the Turkish nation always values the honest, intelligent and humorous person who can demonstrate that he can get things done.

Question: What did you want most in your life?

Sunalp: I will say something that may anger boys: I have always wanted to have a daughter. Now, I have a granddaughter; I am very happy.

Question: What are your interests?

Sunalp: My personal interests change as I grow older. I take up hobbies depending on my income and position. When I was retired, I used to watch video films. That was my hobby. I would like to use my hobbies productively. But now I cannot even watch television. I do not have any interests that take the form of addiction.

Question: What do you think about success?

Sunalp: I never think about failure. I would not start anything if I thought it could fail. I think before I start doing anything. I do not like failure at all.

Question: Politics also embodies some duplicity. What do you think about that?

Sunalp: There is no duplicity in our politics. I am not a crook or swindler. I am what I am. I have no desire to look different than what I am.

I tell my audiences that they should not expect everything to turn rosy when I come to power. I tell them not to believe those who say that everything will turn rosy. I tell them: "My promise to you is that every day you will feel happier and more prosperous than the day before. This daily increment of prosperity and peace will eventually take you to the full prosperity and happiness that you want."

Question: You said that you try not to hurt people's feelings

Sunalp: Not hurting people's feelings does not mean doing everything people want. Not hurting people's feelings means respecting people and treating them well. I am not trying to say that everyone in the world is my friend. But I am saying that those who are my enemies are unfair.

Question: Do you think that everyone who enters the NDP shares your beliefs?

Sunalp: Our doors are open to everybody. But who is "everybody"? Our doors are open to everybody who share my beliefs. We do not have an instrument with which we can measure one's beliefs. There are lie-detecting machines, but there are drawbacks to their use. I cannot know if a person is entering the party out of his beliefs or out of self-interest. I assume that everyone in the party is a believer, or at least, I think that an overwhelming majority of the party members are believers. That is what makes me happy.

Question: At times you appear to be troubled.

Sunalp: When I look troubled, I am trying to overcome a hurdle in my head. When I look troubled, you must understand that there is a problem in my head. At that moment I am trying to solve that problem in my head. Napoleon has said: "The most important three things in the world are: money, money and money." For a leader the most important thing is to think, to think and to think. The person who does not think cannot govern.

MAJOR OPPOSITION MOUNTED TO CABANEROS BOMBING RANGE

Madrid ABC in Spanish 27 Sep 83 p 24

[Article by Jesus Maria Zuluaga]

[Text] Ciudad Real--The possible installation of a bombing range on the Cabaneros farm in Ciudad Real continues to be in the news on account of the government's withdrawal of the answers which the executive itself had provided to the questions put by deputies Santiago Carrillo of the PCE [Spanish Communist Party] and Manuel Diaz Pines of the AP [Popular Alliance].

Both answers, which treated the installation of the said bombing range as having been decided, contradicted the statements made recently by the regional chairman, Jose Bono, in which the possibility that the bombing range would be installed elsewhere was mentioned.

According to parliamentary sources consulted by ABC, the government justifies the withdrawal of its answers by holding that they were sent "in error" and that additionally they did not reflect the executive's intention, given that account would be taken of data and information that have subsequently impacted on the situation.

Both the PCE in Ciudad Real and Deputy Diaz Pines have made public their own statements in which they point out that the withdrawal of the government's answers is without precedent in the annals of parliament. For the communists, this move evidences the fact that the government lacks definite criteria regarding national defense policy or, what would be even more serious, that the answers sent to parliament do not reflect the government's intentions. In any case, they underscore, the event indicates the success of the popular mobilization.

On his part, the AP deputy has attacked a note by the board of Communities in which when the withdrawal of the answers was announced these were characterized as "hypotheses." Diaz Pines noted that his greatest concern is that the "withdrawal of the government's answers suggests an implicit and inequitable disregard of democratic credibility."

Accordingly, everything seems to indicate that the withdrawal of the answers is not unrelated to the talks which Chairman Bono and officials of the Board of Communities had with the central government after learning the content of the parliamentary responses mentioned earlier. The aforementioned note of the Board of Communities said literally: "The basic hope that the bombing range would not be installed in Cabaneros was expressed to the people by the chairman of the Board of Communities following his talks with the Spanish prime minister and the deputy prime minister, who suggested that they are studying other sites and regions as possible alternatives to Cabaneros, and that the government council of the Board of Communities was gratified at this decision by the Spanish government and confirms its opposition to the installation of a bombing range in Cabaneros and maintains its basic hope that same will not come to pass."

2662

CSO: 3548/19

PARTS LIST IN JOINT F-18 PRODUCTION DELAYS FINAL AGREEMENT

Madrid YA in Spanish 27 Sep 83 p 4

[Article by Fernando Rueda]

[Text] This week the Aeronautical Manufacturing Company, Inc. [CASA] in which the National Institute of Industry [INI] holds a majority interest will present to the Ministry of Defense the list of parts of the F-18A aircraft that it wishes to produce in its plant, according to information obtained by YA. The final selection was to have been presented before 15 September 1983, but problems among the Ministry of Defense, CASA, and the American McDonnell Douglas Corporation have delayed the final decision. It seems that these problems are already resolved in part.

One of the principal difficulties has been the objections which CASA has made to paying the 15-percent "differential" which the government indicated it would not subsidize. According to this, the expenses involved in producing some of the parts in Spain--if the aircraft were shipped ready-made from the United States it would cost less--will be subsidized by the government to the extent of 85 percent while the balance mentioned would be subsidized by Spanish firms.

CASA sources complained to YA a few weeks ago that a great opportunity had been missed for helping to relieve the economic recession by means of the off-sets of the FACA [Future Combat and Attack Aircraft] program. Officials in the Ministry of Defense are not in agreement with this assertion even though they recognize that there has been a lack of understanding between the industry and the central government.

The F-18A and Its Armament

Once the purchase of the F-18A had been decided under the FACA program, a new problem, though of a relatively minor nature, has been the weaponry which the aircraft scheduled to reach Spain early in 1986 will carry.

The shortage of funds makes it impossible for the aircraft to be shipped to Spain with armament "off the shelf," a fact which was not a surprise to the Spanish Air Force. The F-18A will carry the missiles and other armament now equipping the Mirage and Phantom aircraft, and for the time being will be unable to include more advanced weaponry.

In the future, under the item which is annually allocated to the modernization of weaponry in the budgets of the Ministry of Defense, gradually the most optimal and advanced weapons will be acquired for the new aircraft. The latter could include the Model L missile with infrared warhead which seeks out the heat of the enemy aircraft exhaust.

It is also necessary to consider the fact that next year Spanish pilots will go the United States to learn how to operate the F-18A. They will fly the first models to reach Spain and teach their skills to other commanders and flight technicians.

On the basis of information published by this periodical a few weeks ago in which the executive of CASA stated that the offsets for the tourist trade did not represent their real value, individuals working in Spain for the U.S. McDonnell Douglas Corporation told us that it is not true that money is being saved on this score.

The history of this type of offsets is as follows: When the Democratic Center Union [UCD] was in power and negotiations began concerning the FACA program, McDonnell Douglas offered that a very considerable portion of the offsets be in the tourist sector. The then-minister of defense, before giving a response, talked with official in charge of the tourist sector and got as a reply that "it could be positive." Given that, it was decided to accept a portion of the offsets in this sector. The present socialist cabinet decided that assistance to tourism would be reduced to 10 percent.

2662

CSO: 3548/19

SIRMEN ON BROADER IMPACT OF F-16 AGREEMENT

Istanbul CUMHURIYET in Turkish 21 Sep 83 p 3

["The World Today" column by Ali Sirmen: "A Turning Point"]

[Text] In its 17 September issue, CUMHURIYET disclosed the key elements of the F-16 agreement and heralded a "New Age in Turkish-U.S. Relations" in its leading headline.

Indeed, the period that has begun with the selection of the F-16 planes is a development that goes far beyond the framework of an agreement signed with a foreign aircraft company for the manufacture of 160 airplanes. General Dynamics and the Pratt Whitney group have committed themselves to ventures that include the marketing Turkey's industrial and agricultural products, investments totaling \$500 million in 16 sectors, efforts to attract foreign capital to Turkey and utilizing our country's cobalt reserves.

It can be seen that the project is far-reaching and can lead to new developments in the Turkish economy. There is significant merit in not forgetting and reiterating certain points.

Firstly, it is necessary to see the difference between signing the agreement and implementing it. The fact that an agreement has been reached on a project does not mean that it will be implemented 100 percent. The Turkish side must scrupulously watch how far the American side will live up to its promises.

There is no doubt that this collaboration undertaken with American firms will strongly influence relations between Turkey and the United States, particularly in view of the U.S. political structure.

However, it would be overly optimistic to expect that the U.S. Congress will renounce stances which have angered us in the past.

On the other hand, even if it will take a long time before the F-16s are fully manufactured by domestic resources--currently only 4.2 percent of the planes' parts will be locally made--increasing the domestic contribution as much as possible will be in better conformity with the idea that dominated the Turkish side while signing the agreement. It is clear that such a development would raise the technological level of the Turkish industry. The development of frontline industries such as the aircraft industry always affect other industrial disciplines.

However, while enjoying these benefits we must be careful not to be led into the wrong course of the 1950-1960 period in our foreign policy and economic relations. Turkey must respond with good will to ventures that can revitalize its economy and increase its exports. It must also carefully balance its gains against what it is paying for them in such ventures. It is also necessary to assess and determine where to stand in economic and political relations. Everyone is aware that in recent years Turkey has been pursuing a multipolar policy in its economic and political relations and that it has benefited from this multipolarity in both fields. The new age in our relations with the United States will be beneficial only if it can contribute to this multipolarity. If it will lead us back to the course pursued in the 1950-1960 period, it will hurt rather than help us.

Meanwhile, another point that needs attention is that we must also preserve our multipolar relations within the West. Today, Turkey has moved toward closer relations with the western part of the West while its links with the eastern part keep deteriorating. In other words, the United States seems to be filling the breach in our deteriorating relations with Europe. However, we must not be misled on this issue and we must see that the West stands as a whole.

Breaking up with Europe and improving relations with the United States is not as easy and as acceptable a policy as it seems. Furthermore, the difficulties Turkey has had with the U.S. Congress for various reasons may multiply if its relations with Europe deteriorate.

In view of all these developments it can be said from now that the new period promises to be interesting.

The way this period will take shape will be determined by the attitudes of the sides involved.

9588

CSO: 3554/14

PRIME MINISTER CONCENTRATES ON ECONOMIC POLICY IN ADDRESS

Public Sector Must Be Reformed

Copenhagen BERLINGSKE TIDENDE in Danish 5 Oct 83 p 6

[Article by Lisbeth Knudsen.]

[Text] The problems of the economic crisis and the unemployment situation may only be solved through better conditions for production and investments and through a modernization and reorganization of the public sector, the prime minister said in his opening address.

"It is of decisive importance for the government together with the Folketing to create confidence that the policy which was introduced 12 months ago will not be shattered. The worst thing would be to give up halfway. The government invites the Folketing and its parties to participate in a cooperation on this policy, and we shall be open to criticism and other proposals in negotiating the individual elements. It is imperative that the line and the strength of the government's proposals be maintained."

Prime Minister Poul Schluter yesterday concluded his opening address to the Folketing with this appeal for cooperation. He added that the economy may only be restored and further growth may only be accomplished in a fertile and trusting interaction between the government and the Folketing on the one hand and between the population and the business sector on the other.

In his speech, the prime minister pointed out that the new year of the Folketing Session marks the transition to the second phase of the government's political program.

"It is a long-term policy with the clear objective of restoring Denmark's international reputation and recreating the basis for everybody to become employed anew. A policy which will modernize our society in accordance with the basic view which is based on an awareness of responsibility and the willingness on the part of the individual citizens to make an effort to secure their own as well as their families' situation. A policy which reduces the role of the government toward the citizens and which is based on confidence that the citizens themselves are capable of making choices and of taking the responsibility for such choices. A policy which strengthens the position of the citizens in relation to the system and which puts greater emphasis on content and quality."

Poul Schluter said that the government had succeeded in carrying through the basic elements of the policy to restore the economy, which was the objective of the government's first year.

"The results of the joint efforts on the part of the government, the Folke-ting, the municipalities, the population, and the labor market organizations have not been long in coming. Denmark's economy today is clearly stronger compared to the situation 12 months ago."

"We have to solve the economic problems through renewed economic growth. We shall only be able to get out of the state of crisis in which our country finds itself by releasing and reinforcing the forces existing in our trades and industries. By creating favorable conditions for production and investments. By appealing to the desire to make an effort and the willingness to take a risk. By creating a climate for the trades and industries which will make it possible for the efforts made to result in sufficient profits to open up possibilities of consolidation and investments."

Business Climate

On the question of improving the business climate, the prime minister said quite concretely in his speech that the government will make a fresh start with regard to grants to promote business activity. Subsidies for the trades and industries will increasingly be spent on investments in new technology, products development and marketing of new products. At the same time, older arrangements of subsidies for the trades and industries will be discontinued. The educational system will be changed, so that it will cover the needs of the trades and industries better, instead of having 75 percent of those receiving further education enter the public sector. The various forms of training and education for the labor market will be made more efficient. The advisory facilities in the field of research will be improved, and investments in the wide-band network will create new possibilities of development within the trades and industries.

The availabilities of credit of the trades and industries will be improved through new possibilities of supply of capital and savings both from wage-earners, pensions, and pension funds and insurance companies.

A tax reform will both relieve the income tax problems of the ordinary taxpayer and, according to the prime minister, "aim at supporting the growth policy," as far as taxation of the trades and industries is concerned.

Two aspects of the government's growth and modernization program concern the public sector.

"It is of decisive importance for the creation of a favorable investment climate that the public sector will not start growing anew. It will be necessary to continue to reduce the deficit of the state. It is a prerequisite of further declining interest rates.

An increase in the burden of taxation would be bound to hamper the incomes policy which is needed to improve the competitiveness of our places of work.

Public Sector

The prime minister established that the government intends to prevent growth by way of bigger user payments and expanded insurance arrangements. To this comes a modernization of the public sector.

"The government intends to launch a program for modernization of the public sector for the purpose of ensuring increased quality and renewal in the service of the public sector during the eighties without the supply of further funds.

The government finds that a modernization may be best effected through a decentralization of responsibility and competence. The individual sections of the public sector will only be able to function more efficiently if given greater freedom of movement. That is why a change in the budget and grants system is being prepared, with greater emphasis on framework control and increased freedom of contract, as far as appropriations and staff expenditures are concerned.

Decentralization will take place in such a way that the individual authorities will be given clear incentives economically or otherwise to solve their problems in a better and less costly manner. It is the purpose of the government through changed recruitments, new patterns of recruitment, and management training to improve the possibilities of managers to live up to the new demands.

It is also the purpose of the government, on a continuous basis, to adapt the qualifications among other staff groups, among other things through management training. The possibilities of increased salary and wage differentiation and a certain degree of delegation of wage and salary fixing will be taken up."

Newspaper Urges Implementation of Policies

Copenhagen BERLINGSKE TIDENDE in Danish 5 Oct 83 p 10

[Editorial: "A Major Move"]

[Text] Such an opening speech could not have been delivered by a Social Democratic prime minister, nor could such a program have been presented by any government which had Social Democratic members. The strong liberal appeal with which Poul Schluter presented the working program of the four-leaf-clover government at the opening of the Folketing last year was yesterday followed up by a move which not only is a natural continuation but which also shows the government's willingness, through a long-term effort, to carry through measures which will result in a major reversal of the economic trends. The government thus confirmed that it wants a showdown with decades of increasingly socialist-oriented crisis administrations which threatened to inflict incurable festering sores on the society.

The very direct request to the trades and industries to make an extra effort was yesterday followed up by a program which heralds a number of concrete measures to improve the conditions of the trades and industries. In order for the rate of production to increase and for the employment situation to improve, it will be necessary for private investments to grow and for our competitiveness to be strengthened in relation to imports and for our exports to be strengthened. That is why the government wants what it refers to as a policy of growth and modernization which is based on five elements, each of which is significant. It wants to further investments, to strengthen savings and capital procurement, to reform the tax system, to introduce new principles in the expenditure policy and to modernize the public sector. It is a question of a quite bold program which it may become difficult to implement by way of concrete measures. However, it is an objective which will attract attention, and which, in wide circles, will meet with encouraging support. No government is to be criticized because its objectives are high.

The interest will especially focus on the fact that the government attaches such great importance to a determined effort in the areas of research and education. When the public sector no longer is able to absorb 75 percent of those who have undergone further education, the basis will have to be created for increasing the quality and employment possibilities within the private sector. It is equally important for a reform to take place within the public sector. It may take place by way of decentralization, and it may take place through an adjustment to the altered demands upon the state and the municipal administrations. The important thing is that a rearrangement will take place which may curb the expenditures of the public sector and which may provide new possibilities within the private sector.

The government will encounter resistance in implementing its policies. However, it should not be alarmed in advance by the myths which are developing in connection with its policies. Already in his opening address, the prime minister repelled one of these myths in repudiating, in no uncertain terms, that the government would be in the process of ruining the social security system. The cuts in this area amount to less than 1 percent of the total expenditures within the social and health services. Against the background of the prime minister's keynote address, fresh attempts will be made to make it appear as if the government is in the process of ruining essential elements of the social welfare society. These are the conditions under which the government will have to work, and it should not let that worry it.

The government has retained the willpower with which it undertook the responsibility to govern the country more than 12 months ago. The strength of its willpower will determine the policies which will be adopted by the Folketing in the course of the coming winter.

Leaders in Economy Comment

Copenhagen BERLINGSKE TIDENDE in Danish 5 Oct 83 Sect III p 4

[Article by Ole Schmidt Pedersen and Svend Bie]

[Excerpts] Great expectations of the government's tax reform. The building sector asks for assistance prior to the winter. The agricultural sector wants its interest burden on funded debt eased. The Economic Council of the Labor Movement finds the government's move a poor way of giving expression to its gratitude for the restraints on the part of wage-earners.

The trade organizations respond positively to Prime Minister Poul Schluter's opening address. They have great expectations of the concrete proposals contained in the speech, and several organizations fasten upon the government's intention to carry through a tax reform and to facilitate the influx of capital into the trades and industries. Generally, the trade organizations are gratified that the government adheres to its present policy. The Economic Council of the Labor Movement, however, says that the government's move is a costly matter in that it involves many anti-welfare proposals.

The National Association for Trade Interests

Mogens Hyllested, merchant and chairman of the National Association for Trade Interests:

"The most positive element of the prime minister's opening address is his strong emphasis on having future growth take place within the private sector. I also find that a tax reform which promotes savings and investments and rewards hard work and competence has good prospects."

The Economic Council of the Labor Movement

Aage Munk, director of the Economic Council of the Labor Movement:

"The government's move with regard to economic and capital support schemes is a costly matter. It will put a strain on the budget of many billions of kroner, our preliminary calculations show that it will be an extra strain of approximately 8 billion kroner."

In addition, there are the anti-welfare proposals within the areas of the minister of labor and the minister of social affairs, which I generally consider unreasonable."

"What has the government actually done to improve our balance of payments problems? It has succeeded in curbing expenditures, and that is the only positive thing, but that has happened with the aid of the wage-earners, and I find the list of bills to be presented during the coming sessional year of the Folketing which has now been made public as well as the prime minister's elaborations in his opening address a strange way of expressing the government's thanks for the restraints exercised by wage-earners in making wage

demands," Aage Munk says, who, incidentally, expects a sharp increase in the rate of inflation, for the reason, among others, that raw materials in the world market are becoming appreciably more expensive.

The Federation of Danish Industries

Nils Wilhjelm, director, and chairman of the Federation of Danish Industries:

"As long as the state spends 1.50 kroner each time it receives 1 krone, it will be unreasonable to accuse the government of ruining the welfare society by introducing expenditure cuts."

"The government will have to adhere to a tight expenditure policy. The policy presented represents a stabilization of the change of course. A reversal of the course from the period when employment was shifted from the private sector to the public sector, at the same time as the economic situation deteriorated."

"The future policy will have to be based on an extension of the results already achieved by the government."

Agricultural Council of Denmark

Hans O. Kjeldsen, large-scale farmer, Agricultural Council of Denmark:

"I expect early action on the part of the government and the Folketing in assisting the many farmers who are still burdened by an entirely unreasonable interest rate. In addition, it should not be forgotten that large sections of the agricultural sector have been adversely affected by the unfavorable weather conditions during the past summer."

"Agriculture has now for 4 years been in negotiations with successive governments for a more long-term reduction of the interest burden, as far as funded debts are concerned--and we have experienced a favorable response on the part of nearly all parties. However, a final solution has failed to appear owing to internal disagreement among the parties."

Tax Reforms Proposed to Aid Business

Copenhagen BERLINGSKE TIDENDE in Danish 5 Oct 83 Sect III p 4

[Article by Lisbeth Knudsen]

[Text] The Minister of Taxes and Public Revenues will make it easier for taxpayers to invest their savings in the trades and industries, and the taxation of corporations and privately owned enterprises will be harmonized.

In the course of the coming sessional year of the Folketing, the government will seek to further investments in, and the supply of capital to the trades and industries.

Proposals will be presented for the establishment of share savings funds, reductions of the taxation of shares held by employees, more flexible rules in connection with investments of capital pension savings in shares [capital pension: pension scheme arranged with private bank or insurance company; translator], expanded facilities for pension funds and insurance companies to invest funds in the trades and industries, and improved conditions for share issues. Finally, credits secured by mortgages on real property for purposes of trade or industry will be improved.

All of the government's initiatives are included in the list of bills which was presented by Prime Minister Poul Schluter to the Folketing yesterday.

Minister of Taxes and Public Revenues Isi Foighel will submit a proposal for the introduction of the share savings scheme which the Folketing did not manage to finalize during the past sessional year. The scheme will make it profitable for taxpayers to invest savings in the trades and industries. The scheme will be combined with lower taxes on shares held by employees of an enterprise.

The present regulations governing investments of capital pension funds will be amended to include guarantee certificates of savings banks and certificates of subordinated invested capital, which cannot be withdrawn [a type of debenture; translator], as well as purchases of real property. The possibilities of investing capital pension funds in shares will be expanded from 20 to 50 percent of the funds saved. At the same time, the state will provide greater incentives for pension funds and insurance companies to invest assets in the trades and industries. This will take place by way of an amendment of the legislation governing companies.

Tax Reform

The government's plans for the next sessional year of the Folketing will include work on a tax reform which will have a major effect on the trades and industries. The proposal is expected to be presented next May and will involve harmonization of the taxation of corporations and privately owned enterprises as well as harmonization of personal income taxes and corporation taxes. The minister of taxes and public revenues vows that the trades and industries will be compensated in some other manner for an increase, if at all, in corporation taxes from 40 to 50 percent, for example by way of more favorable depreciation rules.

Taxes levied in connection with sales within the trades and industries by older generations to younger generations are also expected to be lowered. The taxation of capital may be expected to be included in the tax reform--especially the question of taxation of business assets.

Once the so-called leasing committee has completed its work, the government will present a proposal for a revision of the rules governing investment fund accounts and establishment accounts.

The requirements regarding the number of participants and personal participation in the work within the enterprise in which the money is invested may become changed.

Government Debt Still Rising

Copenhagen BERLINGSKE TIDENDE in Danish 5 Oct 83 Sect III p 4

[Commentary by Frank Dahlgaard]

[Text] The four-leaf-clover government has not yet stopped the tremendously high rate of borrowing abroad by the state. On the contrary, the foreign debt of the state is today growing at a higher rate than ever before, despite the savings which have been carried through within the budget of the state.

In his opening address yesterday, Prime Minister Poul Schluter accounted for the four-leaf-clover government's vast efforts during its first year in power.

He especially emphasized the efforts to improve the competitiveness of the trades and industries and to create a better balance within the public finances.

However, despite the intervention on the part of the four-leaf-clover government within the said two areas, the government has not yet succeeded in improving the competitiveness and curbing the borrowing on the part of the state.

That reflects the enormous scope of the problems.

Despite the effective measures of intervention in the area of wages and salaries 12 months ago, and despite the subsequent moderate collective contracts in the labor market, Denmark's competitiveness abroad has actually deteriorated.

According to the economic report recently presented by the government, Danish wages increased from 1982 to 1983 by 7 percent and will from 1983 to 1984 increase by another 5 1/2 percent. In the countries with which Denmark competes, wages increase, on the average, at the same rate. This appears from the most recent OECD reports from Paris.

The government has thus not succeeded in reducing the growth rate of Danish wages below the growth rate abroad.

To this comes that the government and the Folketing have increased the contributions by enterprises toward daily unemployment benefits. This means an increase in wage costs by approximately 1 1/2 percent, which will have to be added to the very wage increase percentage mentioned above.

Finally, the Danish krone rate of exchange has been revalued passively during the last 12 months by a couple of percent as a result of the depreciations especially of Swedish kronor and the pound sterling. If it had not been for the sharp increase in the dollar rate, the krone would have appreciated considerably more.

The combined effects on the competitiveness of Danish enterprises of wage trends, the higher contributions to unemployment funds, and the exchange rate developments are negative: Measured in terms of the same currency unit, wage costs have increased at a higher rate in Denmark than abroad, and there are no prospects of any improvement in 1984.

When it comes to the question of creating a better balance in the public finances, it is beyond dispute that the four-leaf-clover government has made a considerable effort. But also in this area, the problems, nevertheless, are towering.

Despite the measures of retrenchment carried through within the public sector, it has not been possible to stop the rate of growth in the borrowing on the part of the state.

On the contrary, in the course of the last 12 months, the debt of the government has increased at a higher rate than ever before!

When the four-leaf-clover government took over, the debt of the state amounted to approximately 245 billion kroner. Today, that debt has passed the 340 billion kroner mark.

In other words: Each day since the four-leaf-clover government took over, the debt of the state has increased by an average of 260 million kroner.

The Danish state has never before been incurring debts at such a fast rate-- and the debt continues to grow at a record-high rate.

High Interest Payments May Ruin Economy

This uncanny fact has been entirely overlooked in the public debate in this country, but not abroad.

The fact that the highly esteemed analysis firm of Standard & Poor's Corporation in New York pointed out to BERLINGSKE TIDENDE that the Danish state may not, for the time being, expect any higher rating of its creditworthiness is closely connected with the continued explosive growth of our national debt.

Many Danes will, undoubtedly, wonder why the national debt continues to increase at such a rapid rate, seeing that the government has, indeed, carried through considerable savings within the public sector.

The explanation is the steadily increasing interest payments on our national debt.

As long as the state continues to operate at a deficit, the national debt will continue to grow. And when our national debt increases, our interest payments will also increase.

In 1980, the state had a deficit of 20 billion kroner. In 1981, the deficit increased to 37 billion kroner, and in 1982 the deficit reached a level of

53 billion kroner. This year the deficit is expected to increase to approximately 63 billion kroner.

The four-leaf-clover government has thus not created a better balance in the state finances from 1982 to 1983. What it did was merely avert a deficit in 1983 of as much as 80 billion kroner. Without intervention, the national deficit would thus have increased by 27 billion kroner from 1982 to 1983. The measures of retrenchment on the part of the four-leaf-clover government have had the effect that the deficit has only increased by 10 billion kroner.

'The Young Cuckoo in the Nest'

The reason for the unfavorable development is that the increase in the interest expenditures is higher than the savings achieved in the general state expenditures. The interest expenditures are actually growing like a 'young cuckoo' in the state budget and are causing an increasing number of general expenditures to be eliminated.

The table shows the trend of interest costs of the state since 1975. As will be seen, the interest costs increased by nearly 15 billion kroner from 1982 to 1983--and, despite the sharp drop in interest rates, the minister of finance expects a further increase in interest costs by 6.3 billion kroner in 1984.

BERLINGSKE TIDENDE has estimated that, at an unchanged interest level, interest payments will increase by another 6 billion kroner to approximately 51 billion kroner in 1985.

The public debate has fastened a great deal on the fact that, in its proposed budget for 1984, the government has provided for a deficit of 59 billion kroner--a decline by 4 billion kroner compared with the 1983 deficit.

However, the only effect of this will be that the national debt will increase at a somewhat slower rate than the hitherto tremendous growth rate. It is being forgotten that the debt continues to increase at a sharp rate.

The situation may be compared with a passenger vehicle which is approaching the precipice at a speed of 100 kilometers per hour. The fact that the speed is reduced to 94 kilometers per hour does not, of course, avert the danger. It has merely been postponed for a short while.

The fact of the matter is that with its measures of retrenchment within the public sector, the four-leaf-clover government has merely been applying the brake lightly, while the 'cuckoo in the nest,' i.e. the increase in interest payments, has been depressing the accelerator at an increasing rate.

The longer the government and the Folketing hesitate to take decisive steps, the more cuts will subsequently have to be made in the general welfare expenditures.

The interest taximeter is running all the time. The problems are mounting at compound interest.

Against this background, it is obvious that a continuation of the policy pursued by the former Social Democratic government would soon have jeopardized the welfare society.

Today, the Social Democratic Party criticizes the four-leaf-clover government for its 'drastic retrenchment policy.' In spite of the fact that the question really is whether the economic policy pursued by the four-leaf-clover government is actually sufficient to preserve the welfare society in the long run.

This is the way the 'young cuckoo' is growing within the budget:

Trend of total interest costs of state

1976	1,665 million kroner		
1977	3,462	"	"
1978	3,613	"	"
1979	9,440	"	"
1980	11,794	"	"
1981	18,271	"	"
1982	24,300	"	"
1983	38,600	"	"
1984	44,900	"	"
1985	51,000	"	"

SDP Stand Criticized

Copenhagen BERLINGSKE TIDENDE in Danish 6 Oct 83 p 16

[Editorial: "The Economic Squeeze"]

[Text] In his opening address in the Folketing, Prime Minister Poul Schluter stressed that a steady upswing in the Danish economy requires that the consistent economic policy be carried on for many years to come. We must not relax the policy of restoration prematurely. We must ensure that the economic progress becomes permanent. Only in that way shall we be able to reduce the unemployment rate effectively, the prime minister said.

It is important for the political parties to adhere to this point of departure in the upcoming discussions of the budget for 1984 and the economic policy in general. For even if there has been a change for the better in the domestic economy, there is at the same time reason to establish that the

Danish economy has far from got out of the serious economic difficulties in which it has now been for quite a number of years.

For 1984, a further decline in the deficit of the current account of the balance of payments is thus expected. The Economic Secretariat, however, estimates that the deficit will amount to approximately 8 million kroner. There will thus be a continued increase in the country's net foreign debt. The very growth of our net foreign debt during the present year leads to a further increase in our net interest payments abroad. For 1984, our net interest payments abroad are estimated to amount to nearly 21 billion kroner, which, also seen in relation to our total economy, must be said to be a formidably large amount.

According to the budget proposals, the deficit in the state finances also shows a declining trend. However, it will continue to be very considerable in 1984, and will result in a further sharp increase in our national debt, causing greatly increased interest costs to burden the state finances.

The untenable development has thus not been reversed, though its pace has been reduced somewhat. There is a clear need to continue the economic policy efforts, and it should also be pointed out that the relative improvement which is appearing will depend upon the adoption of the government's budget by the Folketing.

In that connection, it is to be deplored that the largest party, the Social Democratic Party, now seems to adopt the position that it will not support the part of the proposed budget improvement for 1984 of approximately 10 billion kroner which involves proposals of actual retrenchments. It is true that the party is willing to help restore the state finances, but the only means it recognizes are direct and indirect taxes. It is the traditional Social Democratic attitude simply to increase the tax burden. That policy will not at all contribute to creating the improved business climate which will be of decisive importance for economic expansion.

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CSO: 3613/15

MINISTER OF ECONOMIC AFFAIRS ON CREDIT-RATING DROP, BUSINESS OUTLOOK

Copenhagen BERLINGSKE TIDENDE in Danish 4 Oct 83 p 9

[Article by Lisbeth Knudsen]

[Text] Minister of Economic Affairs Anders Andersen is satisfied with the economic results achieved by the government in 12 months. He also fully appreciates the fact that the American credit analysis firm wants longer time to see whether the positive trend lasts.

The country's economic prospects for 1984 look brighter in a new survey from the government's economic secretariat, but the said survey, at the same time, projects a decline in the disposable real incomes of wage earners, the unemployed, and pensioners receiving severance pay for voluntary early retirement.

The disposable real incomes of pensioners will increase in 1984.

According to the government's calculations, the decline in the disposable real incomes of wage and salary earners from 1983 to 1984 will amount to 1 1/2 percent, and that is less than the decline in the disposable real incomes from 1982 to 1983 of the same group, which amounted to 2 percent.

Pensioners will have an increase of 1 1/2 percent, while pensioners receiving severance pay for voluntary early retirement and persons receiving unemployment benefits will have to expect an even larger drop in the real purchasing power of their incomes than wage and salary earners.

Self-employed persons within the trades and industries may expect an improvement in their disposable real incomes.

Minister of Economic Affairs Anders Andersen yesterday presented the new economic survey, giving expression to his full satisfaction with the results in the economic area of the government's policy in 1 year. The survey shows that the balance of payments deficit which in 1982 amounted to 18.7 billion kroner is now expected to amount to 11 billion kroner in 1983 and to drop further in 1984 to 8 billion kroner. According to the survey, the deficit in the state finances will next year have been brought down to below 60 billion kroner, provided it becomes politically possible for the government to carry through its planned measures of retrenchment. The rate of inflation in prices and costs has been nearly halved from 10-12 percent to 5 percent.

The minister of economic affairs expects a further drop in interest rates from the present 13-14 percent level to the level of 12-13 percent in the course of the fall and the winter when the problems in connection with the retrenchment measures have been clarified.

More Unemployed

In their economic survey, the government's economists do not make any changes in their previous projections of a further increase in the unemployment figure for 1984 to 315,000. It is pointed out in the survey that great uncertainty is associated with the evaluation, and that the limited recruitment within the public sector in 1984 together with the increasing unemployment rate may reduce the large additions to the labor force of recent years and thus bring about a drop in the unemployment figure. At the same time, the survey says that the economic growth rate may increase further if the upswing in the United States will be communicated to the West European countries and thus also to Denmark. The government's survey, so far, only expects a growth rate of 1 1/2 to 2 percent. The government projects higher levels of housing construction and investments within the trades and industries. Industrial exports are, moreover, expected to increase by 6 percent next year.

In conjunction with the political debate as to the extent to which the positive economic results achieved during the past year may be due to trends from the outside, the survey establishes that the economy has been aided by forces from the outside, but that the tightening of the fiscal policy at the end of the last year, the incomes policy introduced last spring and the steadfast monetary policy have been crucial in alleviating the problems of the Danish economy.

Minister of Economic Affairs Anders Andersen says that the present trends within the Danish economy are evaluated very positively abroad. He adds that the events show that the question of confidence in a government and its policy may prove to be of decisive importance for a country's economy. The minister of economic affairs is not disturbed by the fact that the highly esteemed American analysis firm of Standard & Poor's Corporation, as mentioned by BERLINGSKE TIDENDE yesterday, is not yet willing to give Denmark a better credit rating. "No one can object to the fact that they want more time to find out whether the trend will prove to be steady," he says.

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CSO: 3613/14

PAPER QUESTIONS RECOMMENDATIONS OF ECONOMIC COUNCIL CHAIRMAN

Copenhagen BERLINGSKE TIDENDE in Danish 28 Sep 83 p 10

[Editorial: "Words of Chairman of Independent Economic Council"]

[Text] The chairman of the Independent Economic Council, Professor Karsten Laurson, warns against too much optimism with regard to the economic developments in this country. He points out that the hitherto incomes policy results are not sufficient to ensure the necessary improvement in the competitiveness. Real wages are still very high, and it is hard to believe in any sharp increase in investments. The chairman of the Independent Economic Council, moreover, says that the policy of retrenchment pursued by the government is wrong. The retrenchment measures create increased unemployment at a time when the unemployed cannot be shifted to the trades and industries. That is why the government probably ought to have put off its large-scale retrenchment measures within the public sector, Karsten Laurson says.

It is hard to grasp the wisdom of these statements entirely. Karsten Laurson may very well be right that it is doubtful whether there will be an improvement in the competitiveness, and that the incomes policy efforts ought to be increased during the coming years in order to achieve the needed improvement in the Danish economy.

However, the chairman's comments on the retrenchment measures within the budgets of the public sector cannot but cause astonishment. Seen in their proper perspectives, the economies hitherto effected and the economies now planned (budgetary improvements) are of a relatively modest scope. Strong growth-stimulating factors are incorporated in the public sector. Unless their effect is interrupted, the future expenditures of the public sector will literally get out of control politically. The moderate policy of retrenchment will also have to be viewed against that background. It is too superficial simply to view it against the background of certain effects, if any, on the employment situation next year, which may be calculated on the basis of what after all are primitive economic models. What is needed is a long-term effort. It is so important to get it started that it seems rather improvident simply to propose that the efforts be postponed till a later date.

In his comments, the chairman also seems to have forgotten that, so far, the state has had a large and increasing deficit. The economic effects of that deficit may be open to discussion, but it has at any rate been clear that

the said situation, to an increasing extent, has been attracting international attention. A continuation of the unfavorable development in the state finances, therefore, must be expected to lead to a deterioration of Denmark's international creditworthiness. A warning in this respect was already given last January when the American analysis firm of Standard and Poor's Corporation reduced its evaluation of Denmark's creditworthiness from the top category of AAA to AA+.

The said downgrading may not have had any major effects as yet. But the decisive thing was that the trend had to be reversed. Even the chairman of the Independent Danish Economic Council ought to be able to understand that.

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CSO: 3613/14

REPORTER DISCUSSES DROP IN CREDIT RATING WITH ANALYSIS FIRM

Copenhagen BERLINGSKE TIDENDE in Danish 3 Oct 83 Sect III p 1

[Article by Frank Dahlgaard]

[Text] Evaluation by two economists of the American analysis firm, Standard & Poor's Corporation, who 9 months ago stamped Denmark as a second-rate borrowing nation.

In September of 1982, the creditworthiness of the Danish state was seriously questioned for the first time.

This happened when the highly esteemed analysis firm of Standard & Poor's Corporation in New York put Denmark on a special observation list, the so-called "Credit Watch."

The background was that for 20 years Denmark had had permanent and large foreign exchange deficits, and when, at the same time, the domestic budget deficit of the Danish state exploded in 1982--causing the Social Democratic government to give up--the cup was full:

In early September, Standard & Poor informed the Danish state from New York that Denmark as the first nation would be put on the observation list with a view to a possible downgrading of its creditworthiness.

To the surprise of many people, Standard & Poor actually decided on 6 January of this year to downgrade the creditworthiness of the Danish state from the hitherto top rating of AAA to the second-highest rating of AA+.

This downgrading took place despite the fact that, at that time, the four-leaf-clover government had had the first phase of its economic policy carried through.

Why this downgrading?

The Two Key Figures

During the annual meeting in the United States of the International Monetary Fund, BERLINGSKE TIDENDE asked that question of the two persons from Standard & Poor's Corporation who had decided to downgrade Denmark's creditworthiness.

The two people are the head of the international ratings department of the analysis firm, Mahesh K. Kotecha, managing vice president, and Philip S. Bates, assistant vice president.

Philip Bates: "The policy pursued by the new, Conservative government, together with a certain amount of luck, has led to a clear improvement in the economic situation in Denmark, but that improvement was certainly also expected. Nevertheless, we decided on a downgrading of Denmark's creditworthiness last January because of the deterioration throughout the last decade of the Danish economy. The foreign debt and the domestic budget deficit of the state have reached such high levels in Denmark that sustained efforts toward economic recovery are now required."

The two financial experts do not conceal the fact that they doubt whether Denmark will be able to adhere to its present policy toward economic recovery for several years to come. They point to the unsteady political situation in Denmark as a major problem:

Mahesh Kotecha: "Many years of policy to restore the economy are bound to result in social costs which may easily lead to political difficulties. Denmark has got a minority government, and we have noted that the government now has difficulties. It is not a question of a lack of confidence in the Danish government on our part. The political realities are simply that it is extremely difficult for a country to adhere to a strict economic policy for any length of time. But that is nevertheless what is needed in the case of Denmark." Mahesh Kotecha draws the attention to the economic recovery program initiated by the Social Democratic government in 1979-80 but which it did not manage to adhere to.

Kotecha: "In rating the creditworthiness of a country, Standard & Poor's Corporation looks at the ability of the country to repay the loans raised in the future. We thus apply a long-term evaluation. It, therefore, is not sufficient that the trends within the Danish economy are now going in the right direction. The structural problems of Denmark have become so large that the economic recovery policy will have to be maintained for several years to come. The Danish economy will have to show a significant change for the better before we shall be willing to give you back the top rating of AAA. We want to see absolutely concrete results."

Bigger Investments Are Needed

Among the results which the two financial experts are looking for are larger investments in the trades and industries and a larger private sector. At the same time, Standard & Poor's Corporation fastens upon the very large debt of the Danish state as well as our big foreign debts. Also here, improvements will have to be demonstrated, the two top financial experts state.

The two financial experts refer to an analysis which they have just made of the public debts of the countries in the West.

It appears from the said table that Denmark is one of the countries in which the foreign debt of the state and the municipalities constitutes the largest percentage of the gross national product, the GNP. West Germany, Japan, the Netherlands, Switzerland, and the United States have not been included in the table since the foreign debt of the public sector of those countries is zero or nearly zero.

(If the foreign debt of the private sector is included, Denmark moves all the way up to the top of the list together with Ireland.) In the analysis by Standard & Poor's Corporation, Denmark is cited as a deterrent example of a country in which the borrowed money has gone to consumption--and primarily to a sharply increasing public consumption.

Some of the other countries mentioned have, to a larger extent, spent the loans raised on investments and expansion of the productive apparatus.

Asked whether a 100 percent implementation of the budget for 1984 proposed by the four-leaf-clover government will create the desired significant improvement in the Danish economy, the two people from Standard & Poor's Corporation answer that this will, of course, create better equilibrium in the Danish economy. But it is not enough in itself.

At the same time, the two economists again point to the decisive question: Whether it will be possible for Denmark to maintain the improvements made.

Mahesh Kotecha and Philip Bates make it clear that they consider it very unlikely that there will be a basis within the next 12 months for giving Denmark back its top rating of creditworthiness on a level with the world's most creditworthy nations.

Philip Bates states that Denmark is the first European country that has ever been downgraded by Standard & Poor's Corporation. Since then, New Zealand has also been downgraded to AA+ (in May of 1983).

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CSO: 3613/14

AUSTERITY MEASURES SEEN BRINGING ABOUT TRADE SURPLUS SOON

Copenhagen BERLINGSKE TIDENDE in Danish 26 Sep 83 Sect III p 6

[Article by Frank Dahlgaard]

[Text] Denmark now has a direct trade surplus vis-a-vis a number of important countries such as the United States, France, Great Britain, Italy, Norway, and Saudi Arabia. Denmark has its relatively largest trade deficits vis-a-vis Japan, the Soviet Union, Eastern Europe, Brazil, and Argentina, according to an analysis of Denmark's foreign trade, prepared by BERLINGSKE TIDENDE.

Denmark has traditionally had a considerable deficit in its foreign trade. Throughout the post World War II years, we have year after year spent more money on commodities imports than we have earned on our exports.

This unfortunate tradition of deficits now seems to have been broken.

When 12 months ago the Department of Statistics published the balance of payments for the first half of 1983, the commodity trade figures showed for the first time in 25 years an export surplus (of well over 1.5 billion kroner).

If one seeks to elucidate how this improvement occurred--i.e. in which markets-- the balance of payments statistics will not do. For that purpose, one has to consult the special statistics of Danish foreign trade.

While the import and export figures are calculated in the same way in the balance of payments statistics (viz. exclusive of freight and insurance costs), the methods used in the commodity trade statistics are different. Here, the value of the imports is calculated on arrival in Danish territory, i.e. inclusive of freight and insurance costs, whereas the value of exports is calculated before they leave Denmark, i.e. exclusive of the said freight and insurance costs.

Equilibrium Now

According to this method of calculation, Denmark had an import surplus during the first half of 1983 (i.e. a trade deficit) of only 370 million kroner, in that exports amounted to 70,959 million kroner and imports to 71,329 million kroner.

The export earnings and import expenditures were thus practically in equilibrium during the first half of the year.

BERLINGSKE TIDENDE's graph shows the import-export ratio of commodities since 1960.

As will be seen, we have typically imported between 1.20 kroner and 1.30 kroner worth of commodities each time we have exported 1 krone worth of commodities. In other words, imports (inclusive of freight and insurance costs) have exceeded exports by 20-30 percent.

Since 1979, however, the import surplus has clearly been declining, and both in 1981 and 1982 commodities imports were only 10 percent higher than exports. As mentioned earlier, our foreign trade is likely to be in equilibrium in 1983.

Surplus vis-a-vis the United States

Throughout the sixties and seventies, Denmark had a trade deficit vis-a-vis all important industrialized countries except for Norway, Italy, and Great Britain. As of 1980, we also had a trade surplus vis-a-vis France, and as of the first half of 1983 we have, furthermore, been able to add the United States to the industrialized countries vis-a-vis which we have an export surplus.

The trend of our trade with the United States is remarkable:

In 1980 we imported 1.63 kroner worth of commodities from the United States for each krone worth of exports to the United States. In 1981, our imports from the United States exceeded our exports to the United States by 85 percent, and in 1982, our imports from the United States exceeded our exports to the United States by 32 percent.

However, during the first half of 1983, Denmark's imports from the United States were 15 percent below our exports to the United States.

It is, of course, the soaring dollar rate of exchange which, together with the beginning upswing in the United States, has led to the very strong reversal of Denmark's trade balance with the United States. To this comes that A.P. Møller this very year has sold ships to the United States for more than 1 billion kroner.

Deficit vis-a-vis Japan

Among our largest trade partners, Denmark today has the greatest disequilibrium in its trade with Japan. For each krone worth of exports to Japan in the first half of 1983 we imported 3 kroner worth of commodities from Japan.

Here, the stoppage of meat exports to Japan on account of the foot-and-mouth disease played a decisive role, but Denmark's trade with Japan was also

prior to the outbreak of the foot-and-mouth disease marked by a very large disequilibrium--for the benefit of Japan.

Also our trade with the Soviet Union has traditionally been in great disequilibrium. During the first half of 1983, we imported 2.41 kroner worth of commodities from the Soviet Union for every krone worth of commodities exported to that country. That is even an improvement over the previous years where imports have been 3-4 times higher than exports.

We primarily purchase oil from the Soviet Union, and the mild winter has, of course, led to a drop in these oil imports.

Sweden's Devaluation

Finland, Belgium, and the Netherlands are among the countries vis-a-vis which we traditionally have big trade deficits. In the case of the two latter countries, it is primarily due to the fact that a very large part of Denmark's oil import takes place via the ports of Rotterdam and Antwerp.

During the first half of 1983, our imports from West Germany exceeded our exports to that country by only 10 percent, whereas our imports from Sweden were as much as 23 percent higher than our exports to Sweden.

As mentioned earlier, Denmark's total trade balance has improved markedly over the last year. Nevertheless, in a few markets, the trend has been in the opposite direction:

In addition to Japan, this is the case of Sweden and Finland.

It is quite clearly the large Swedish devaluation by 16 percent in October of 1982 (accompanied by a Finnish devaluation by 10 percent) which is the cause of this deterioration.

In 1981, our imports from Sweden were only 15 percent higher than our exports to that country. In 1982, the figure increased to 18 percent, and during the first half of 1983, our imports were 23 percent higher than our exports.

Exports to Saudi Arabia Up

Denmark has relatively large trade deficits vis-a-vis East European countries.

Denmark's imports from East Germany thus exceeded our exports to that country 10 times during the first half of 1983.

Denmark has now also large deficits vis-a-vis Brazil and Argentina, but, on the other hand, we have obtained a large trade surplus vis-a-vis Saudi Arabia!

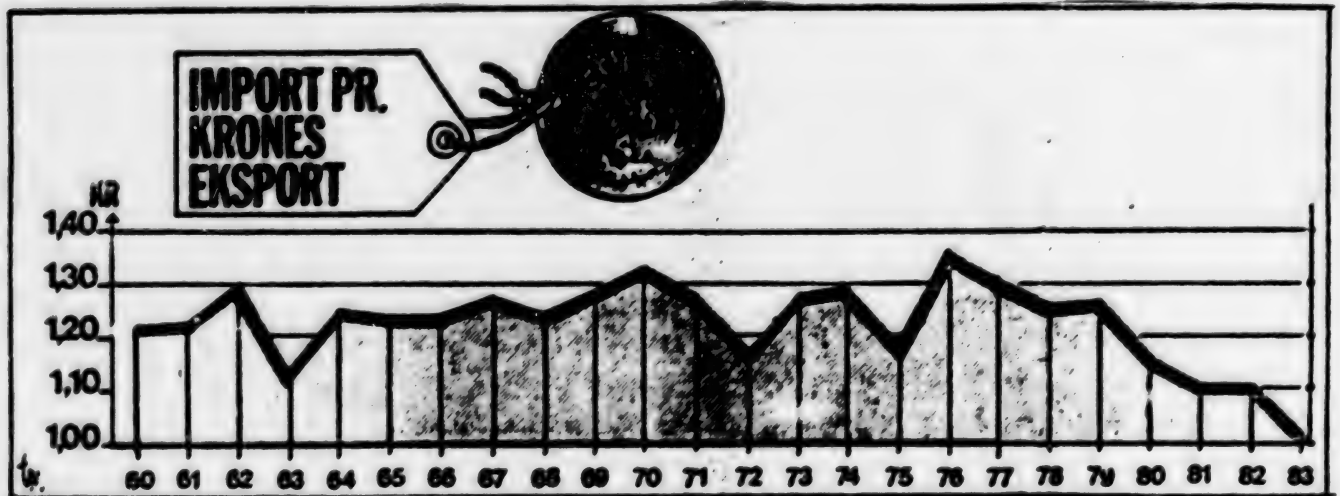
During the first half of 1983, this surplus reached 1.1 billion kroner.

The surplus is, of course, primarily due to the fact that the mild winter has reduced our oil imports, but the explanation is also a considerable increase in our export of furniture, machinery and dairy products to Saudi Arabia.

In general, Danish exports have done surprisingly well during the past year.

The reason why Denmark still has a foreign exchange deficit on its total balance of payments is the enormous interest payments on the debt we have developed abroad. If we are to finance these interest expenditures ourselves, we shall have to develop large foreign trade surpluses.

The present equilibrium in our foreign trade is not enough.



These were the trends of imports into Denmark per krone exports from Denmark during 1960-1983.

Graph: Tom Wikborg.

Key: (1) Imports per krone exports.

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CSO: 3613/14

ACTIVITIES OF FRG CONSTRUCTION FIRMS IN SAUDI ARABIA

Frankfurt/Main FRANKFURTER ZEITUNG/BLICK DURCH DIE WIRTSCHAFT in German
21 Sep 83 p 2

[Text] Frankfurt, 20 September--Although there has been a substantial decline in revenues in the oil business in Saudi Arabia, the most important oil-exporting country in the world, so far there can be no talk of a marked waning of the vigorous construction activity. Export receipts are still large enough to finance significant structural and civil engineering projects and installations. Whereas a substantial decline in orders was noted for German foreign construction in the OPEC countries Iraq, Nigeria and Libya in 1982, there was an increase in new orders from Saudi Arabia from DM2.3 billion in 1981 to about DM4.2 billion last year. Almost all large German construction companies and also a number of smaller enterprises have been involved in Saudi Arabia, where they are subjected to tougher and tougher competition by foreign and increasingly by domestic construction enterprises as well. South Korean construction companies in particular have been able to establish themselves in the Saudi Arabian construction market. In Saudi Arabia, instead of large contracts for carrying out infrastructural projects, more and more medium and smaller contracts are awarded, contracts that often make necessary close cooperation with domestic partners so as not to lose the already-established market position.

The Philipp Holzmann AG (Joint Stock Company), Frankfurt, the largest private German construction enterprise by volume of construction, informs in its 1982 annual report that last year 41 percent of its total foreign contracts in the amount of DM5.707 billion went to Saudi Arabia, compared with 19 percent in 1981. At the beginning of 1983, there was another large order valued at DM830 million and involving the construction of the international sports stadium in the capital city of Riyadh. In Dhahran, the Philipp Holzmann AG is putting up a turnkey medical center with numerous annexes. Construction work is going according to plan there. In Riyadh, the rough work for the administration building of the Saudi Arabian Monetary Agency [SAMA] was half completed at the end of 1982. Work was started on the inside finish.

In Tabuk, in the northwest part of the country, the large-scale construction projects were concluded in 1982. Operation and maintenance contracts continue in effect for the large hospitals in Riyadh that were constructed years ago by

Philipp Holzmann AG. Similar contracts are being renegotiated for five hospitals built by other firms. These operation and maintenance contracts are being carried out by the Hospital Maintenance Company, Ltd., in Riyadh, a company in which Philipp Holzmann AG has a 49-percent participation. Another associated company in Saudi Arabia is the Saudibult L.C.C. in Riyadh, 45 percent of whose capital in the amount of 15 million Saudi rials (1 Saudi rial = about DM0.74) is held by Philipp Holzmann AG. In February 1982, the Philipp Holzmann AG in Saudi Arabia received a large order valued at about DM2 billion for the construction of communications facilities that extend over the entire country. Deutsche Asphalt GmbH, Frankfurt, a subsidiary of Philipp Holzmann AG, has become involved in road-building projects in Saudi Arabia.

In 1982, Hochtief AG in Essen, ranked second in the list of German stock corporations in construction, received additional expansion contracts for buildings and infrastructural measures at the large King Abdulaziz International Airport that it constructed in Jiddah. Orders from previous years were continued according to plan. For an operational part of the airport, Hochtief AG was tasked with maintenance and servicing work. Within the scope of necessary replanning in the airport area, Hochtief AG has carried out extensive planning tasks for buildings and outside installations.

In 1982, Hochtief AG also received the order for the turnkey completion of a large structural engineering project in the south of the country that includes the construction of housing, administrative buildings, social services, storage sheds and mosques. Construction planning and surveillance of the wire and bar steel rolling mill of the Saudi Iron and Steel Company (Hadeed) at the new industrial location of Jubayl on the Arabian Gulf were completed according to plan. An international consortium under the control of Mannesmann Demag AG in Duisburg was tasked with construction of this facility.

In third place is Bilfinger + Berger Bau AG, Mannheim, which, in addition to various other projects in Saudi Arabia, is making preparations for the expansion of the Yamama cement factory in Riyadh, which is to be begun later this year. It thereby involves the fourth development stage. The Krupp Polysius AG, Beckum/Westphalia, has been partner in this cement project to this point. Bilfinger + Berger Bau AG is continuing to make an effort to get a foothold in the important Saudi Arabian market.

Following Strabag Bau AG, Cologne, which is in fourth place in total construction but is not working in Saudi Arabia, one should mention Dyckerhoff & Widmann AG (Dywidag), Munich, the construction firm in fifth place. This company has completed construction of a large turnkey television center in Riyadh, for which it has also taken over the contract for technical servicing for 2 years. In addition, Dywidag has completed the contract for construction of grain silos in Riyadh according to plan and has since received an additional silo order. Dywidag is building a 13.2-km tunnel for a water line from Mecca to Taif. It has 40-percent ownership of the Qanbar Dywidag Precast Concrete Ltd. (Qandycrete), Jubayl, which built a plant for precast concrete units in Jubayl and put it into operation in 1982.

The construction firm in sixth place is the Ed. Zueblin AG, Stuttgart. It completed construction work on the cooling water outlet installation of a power plant in Jubayl, work that mainly involved the laying of large reinforced concrete piping, prior to the agreed deadline. The production of precast reinforced-steel units for the King Saud University in Riyadh in four previously erected plants was begun in its entirety in 1982. The work involves 75,000 supports, beams, ceiling plates and front elements.

Seventh is Heilit + Woerner Bau AG, Munich, which is completing the Abanumy Center commercial building in Riyadh and, among other things, has begun work at the sports club and shooting range construction sites. It is also putting up a large administration firm in Saudi Arabia is the Saudi Heilit Construction Company Ltd., Riyadh.

Wayss & Freytag, Frankfurt, which is in eighth place, has completed the second development stage for four sports clubs in Saudi Arabia. Additional orders that were issued for three of these sports centers assured continued work for about 9 months. Wayss & Freytag has a 20-percent participation in the working group Precast Construction Group, which produces precast concrete units for King Saud University.

The next enterprise in line is Held & Francke Bau AG, Munich. The work for the Jubayl Cement Works of the Saudi-Kuwaiti Cement Manufacturing Company Ltd., whose daily capacity will be 7,000 tons of clinker bricks, has begun on schedule and is already well under way. The contract for the entire construction planning was also given to Held & Franck Bau AG. In the Riyadh, Taif and Gizan areas, it has also begun extensive road improvement work let by the Saudi Arabian Transportation Ministry. Further road building work was carried out by the associated firm Olayan-Held & Franck Ltd., Riyadh.

In 1982, the Huta-Hegerfeld AG, Essen, received new orders in Jiddah and Riyadh valued at about DM280 million. They involve the construction of a five-cell reinforced concrete canal 1.6 km long and 25 meters wide, three reinforced concrete tanks with the accompanying electrical and mechanical equipment, as well as a 12-km sewage line with a diameter of 1.5 meters, for which the special piping will be produced by Huta-Hegerfeld AG itself.

Additional German construction firms that have been involved in Saudi Arabia are Thostl Bau AG, Augsburg; Polensky & Zoellner KG [Limited Partnership] (PZ), Frankfurt; Emil Steidle GmbH (Limited Liability Company) & Co., Sigmaringen, whose subsidiary is in Al Khobar; F. C. Trapp Construction Company, Wesel; and Gustav Eppler Bauunternehmen KG, Stuttgart, which is represented in Saudi Arabia by Gustav Eppler Constructions Ltd., Riyadh. Together Plensky & Zoellner KG and Gustav Eppler Construction Ltd. booked an order last year in the amount of \$36.4 million for construction work associated with a power plant project (800 megawatts installed output) in Riyadh. General contractor for this project is the Swiss Brown, Boveri & Cie AG, Baden, which booked an order valued at 780 million Swiss francs.

SKDL, CONSERVATIVES JOIN IN OPPOSING BUDGET

Helsinki HELSINGIN SANOMAT in Finnish 22 Sep 83 pp 7,8

[Article: "Government Expects Support from Opposition; Center Party and Rural Party Already Hoped for Changes in the Budget They Endorsed"]

[Excerpts] At a press conference on the nation's income and expenditures budget for next year held on Wednesday, the government appealed to the opposition parties in Parliament and the labor organizations to exercise judgment and responsibility and support the government so that the fundamentals of the budget and the government's economic policy line would not crumble in the parliamentary budget debate and during the winter wage agreements.

Both Prime Minister Kalevi Sorsa (Social Democrat) and Finance Minister Ahti Pekkala (Center Party) pointed out that the government's budget proposal can no longer be essentially changed or expanded in Parliament. Immediately thereafter, the Center Party (KEPU) and the Finnish Rural Party (SMP) hoped that they could still get changes made in the budget in Parliament by joint agreement of the government parties.

KEPU chairman and Foreign Affairs Minister Paavo Vayrynen hoped for a change in the cut in government subsidies for the municipalities so that poor municipalities would not get into difficulties. SMP chairman and Tax Minister Pekka Vennamo still wants reforms of pensioner, disabled person and veteran affairs.

This time the government needs the support of the opposition parties to get the budget and the bills attached to it through Parliament because the government does not have the backing of a two-thirds majority of Parliament behind it.

If the opposition can unite its forces, it can knock out the new taxes and tax hikes or postpone discussion of the other budget bills until after the elections.

The Conservative Party and the SKDL [Finnish People's Democratic League] have already threatened to scrap the postponement of the school laws proposed by the government and the cuts in government subsidies for the municipalities. The opposition parties also want to increase the inflation adjustment for taxes.

Sorsa Threatens Us with Horse Cure

According to Prime Minister Sorsa inflation can be curbed, our ability to compete protected and the "generation of real income" assured only through the smooth cooperation of the different factions of our society.

"The government does not expect to solve the above-mentioned problems relying solely on its own determination and its own measures; rather it hopes to get support for its policy from both economic interest groups and the political opposition," Sorsa said.

"I can very well understand if in parliamentary opposition or even government party circles they feel a strong temptation to increase expenditures and reduce revenues beyond what the government is proposing. Such a change in budget policy would, however, be quite unsuited to the prevailing conditions," Sorsa noted and added that "skin transplants" to patch breaks in the skin that arise would be much more painful than approving the government's budget proposal.

According to Sorsa, wage policy interest groups occupy a key position in checking inflation and preserving our ability to compete internationally. We have a right to expect "consideration built on a sound foundation and conforming to the common national interest" from these groups in the coming negotiations.

"If the general lines of the economic policy we are aiming at are not carried out due to, for example, nominally high wage agreements, we will have to exercise considerably tighter control over our country's money and finance policy than we are used to," Sorsa said.

According to the prime minister, we will not be able to be nearly as satisfied with our economic policy approach as we are now if we have to implement the kinds of "horse cures" many countries have in recent years resorted to in order to control inflation.

Three-Percent Wage Policy

Like Sorsa, Finance Minister Ahti Pekkala also rattled off warnings and appeals to labor organizations and the opposition. Pekkala reminded them that the budget has been formulated with the assumption that wage agreement hikes will represent increases of no more than 3 percent next year.

"If wage policy agreements result which are at a higher nominal level than now presumed, inflation will accelerate and the employment situation worsen. The responsibility now lies with the labor organizations, since there is no chance of the national economy's offering more in the wage negotiations," Pekkala said.

Pekkala also warned that gradual advances will begin to increase income taxes if nominal wages are raised beyond 3 percent because a cost of living adjustment of only 6 percent for inflation is made for taxes. "It depends on wage-earners themselves whether income tax remains at the projected level or whether gradual wage hikes will have the effect of increasing taxes," Pekkala exclaimed.

Pekkala impressed on the opposition parties the fact that: "Those who are demanding increased expenditures or revenue cuts are obliged to at the same time give evidence of reductions in expenditures."

Pekkala also gave an accounting of what would make next year's 84.5-billion-markka budget a tight one: The volume of expenditures will show a real growth of about 2 percent over that of the current year, that is, less than it is predicted the GNP will grow.

Budget Acceptable

While not quite splendid, the budget proposal that has been submitted to Parliament was nonetheless described by the government parties: the SDP [Social Democratic Party], the KEPU, the RKP [Swedish People's Party] and the SMP, as being acceptable. The KEPU and the SMP, to be sure, are still hoping for changes in it.

Interior Minister Matti Ahde said that, in the opinion of the SDP, what is good about the budget is that it will curb inflation, lower unemployment, reduce the national debt, raise child subsidies and the fact that health center fees will not be imposed at this time. The budget's social provisions are "just barely acceptable" to the SDP.

According to Paavo Vayrynen, the KEPU views the execution of the subsequent phases of social security pension reform in a way to be decided on by Parliament as particularly positive. "The KEPU will be concerned with seeing to it that the third phase of the reform program is also effected by 1 January 1985," Vayrynen promised.

The KEPU feels that it is regrettable that the cutting of government subsidies for the municipalities will not be staggered. Needy municipalities may run into trouble. Which is why the KEPU proposes that the government parties further discuss these cuts in Parliament.

In the opinion of the RKP, the most positive thing about the budget is the fact that the worrisome and continued increase in borrowing will now be stopped.

SMP Promises to Stay in Line

In the opinion of the SMP, the overall approach of the budget is acceptable, but there are shortcomings in the details. In the opinion of the SMP, there should be no problem in terms of the national economy in granting veterans, disabled persons and pensioners the additional adjustments the SMP has proposed.

The SMP also wanted a "real change of direction for the national economy" and the party is demanding more funds to further employment in supplementary budgets.

Chairman Pekka Vennamo denied that its listing of the budget's shortcomings reflect an SMP spirit of opposition. "We naturally defend the government proposal and stand alongside the government. We don't want dispensations," Pekka Vennamo said.

Preliminary Debate Next Week

Debate on the government budget proposal will begin in Parliament next week. Finance Minister Ahti Pekkala will present the text of the budget before Parliament next Tuesday. On Wednesday the parliamentary delegations will present their views on the government proposal and, once individual members of Parliament have also had an opportunity to speak their piece, the budget proposal will be sent to the Finance Committee for discussion in the fall.

Parliament will decide on the detailed content of the budget at the end of the year. They plan to ratify the budget before the end of the year.

The government promises to submit the last bills attached to the budget to Parliament on 7 October. As soon as Wednesday tens of budget bills will be sent to Parliament.

SAK: Responsibility onto the Trade Union Movement

Criticizing the budget, Raimo Kantola (Social Democrat), the third chairman of the Central Federation of Finnish Trade Unions (SAK), said that the government is shoving the responsibility for economic development and inflation during the next few years onto the shoulders of the trade union movement.

"Thus the government is not keeping such exact track of the effect of its own measures to control inflation," Kantola said. Government measures as such have already meant a rise of about 1 percent in consumer prices," he remarked.

Wage-earner families' disposable income will in real terms drop next year by 1 or 2 percent if the proposed budget is implemented as is," Kantola said.

"Under the circumstances, the SAK must naturally protect its members' purchasing power with the means available in the coming labor negotiations," Kantola said. "As it is now, the budget will not yet pull the rug out from under more specific wage agreements," the SAK's third man said. He, nevertheless, emphasized that the budget proposal that has now been submitted under no circumstances constitutes a big enough contribution by the government to wage negotiations.

According to Kantola, the government has yet to demonstrate, after this, its readiness and ability to support the structuring of a more specific wage agreement. For example, the budget's social provisions give rise to many questions which the SAK expects the government to go into. "The government also has yet to discuss its price policy with the trade unions," Kantola said.

In the opinion of SAK second chairman Olavi Harminen (Communist), the budget predicts unemployment and economic difficulties for wage-earners next year.

Employers: Goal Is Good, Means Are Shaky

Industrial and employer organizations acknowledge the budget drafters' determination to curb inflation and shore up our ability to compete. The Industrial Confederation, the Finnish Employers Association (STK) and Commercial Employers

Association feel that the premises are right, although they are of the opinion that the proposed measures are not very well in keeping with the efforts involved.

Industrialist Stig H. Hasto, the managing director of the Industrial Confederation, suspects that government estimates of the growth of overall production and exports are too optimistic. Hasto regards the 9-percent growth forecast for exports to the West as being very optimistic, particularly since our relative ability to compete in terms of prices seems to be further weakening.

Hasto feels that it is absolutely necessary for us to bring the inflation rate down to 6 percent. At the same time he noted that swelling the budget total by fully 14 percent over this year's is calculated to feed the fires of inflation.

Hasto criticized extension of the sales tax base to telecommunications services as well as hikes in energy taxes, the stamp tax and employers' contributions to social security and praised the increase in industrial research and product development appropriations.

STK managing director Pentti Somerto agreed with the government view that achieving economic policy goals will largely depend on the coming labor negotiations.

"In view of economic opportunities, unrealistic wage increase demands and working hour regulations that more and more tightly restrict work potential as well as firms' operations would under the circumstances be extremely damaging from everyone's standpoint," Somerto said, basing himself on the budget's economic policy goals.

Somerto feels that the fact that the government is increasing pension benefits at a time when workers have no chance of raising their standard of living shows a lack of consideration. "With an increase in pension systems, the chances of improving other social programs — for example, alleviating young families' economic situation — are narrowed," Somerto said.

Conservative Party: Approach Is Wrong

According to Conservative Party chairman Ilkka Suominen, the budget approach is wrong. Instead of stopping spiraling inflation, producing a sounder national economy and putting a stop to the tax burden, the budget is inflationary, it increases indebtedness and raises taxes.

Suominen also predicts difficulties in the next round of wage policy negotiations. According to Suominen, no one believes in a 6-percent inflation rate and the Conservative Party anticipates that the corrected adjustment for inflation will be a full 9 percent.

According to Suominen, during the parliamentary debate over the budget cutting the government's share of municipal expenditures must be averted "because that measure would merely shift the problems of the national economy to be paid for

by the municipal sector" and produce insurmountable pressures to increase the tax units of the municipalities. The Conservative Party is also advocating application of the school laws on schedule.

The Conservative Party reacts "lukewarmly" to the telecommunications tax, which will raise telecommunications traffic costs by nearly 20 percent. The telecommunications tax would be a particularly inflationary tax, one which would be passed on to prices as is.

SKDL: Sleight-of-Hand Tricks

SKDL chairman Kalevi Kivisto regards the budget as being problematic. According to Kivisto, the budget includes sleight-of-hand tricks, absurdities, anti-social measures and bad conscience on the part of the government. The government's inflation estimates are unrealistic and will force the trade union movement to set its demands on the basis of a more realistic estimate.

Kivisto criticized the government for weakening the benefit derived from reform by adjusting the pension index and raising the age limit for unemployment benefits while at the same time effecting social security pension reform on schedule.

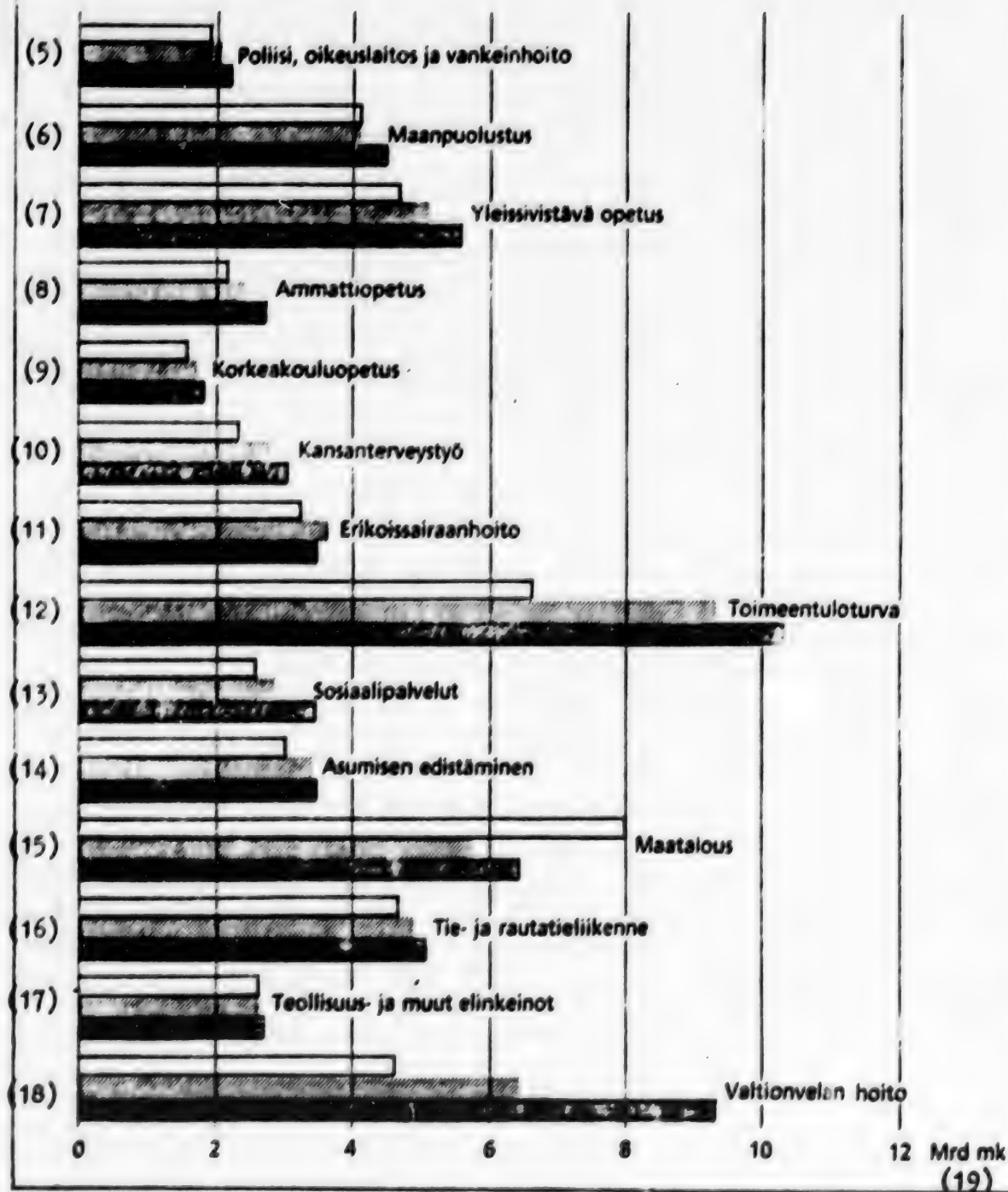
According to Kivisto, the budget is on the whole structured to slow down and limit the economy and improvement of the employment situation.

The government's bad conscience is revealed by a sleight-of-hand trick: They have tried to make Labor Ministry growth figures better-looking by transferring part of the vocational course funds from the Education Ministry to the Labor Ministry's chief budget section. When the "padding" is stripped away, we are left with a 3-percent drop in funds for employment, Kivisto figures.

(1) ERÄIDEN TEHTÄVIEN MENOT VUOSINA 1982—84



- (2) 1982 Tilinpäätös
(3) 1983 Menoarvio
(4) 1984 Esitys



Key:

1. Expenditures for certain appropriations in 1982-1984.
2. 1982 year-end balance.
3. 1983 expenditures budget.
4. Proposed for 1984.
5. Police, courts and prison administration.
6. National defense.
7. Education.
8. Vocational training.
9. College education.
10. National health work.
11. Special nursing.
12. Job security.
13. Social services.
14. Housing improvement.
15. Farming.
16. Highway and rail traffic.
17. Industrial and other occupations.
18. National debt service.
19. Billions of markkas.

11,466

CSO: 3617/10

BUDGET BILL FAILS TO TACKLE INFLATIONARY PRESSURE

Helsinki HUFVUDSTADSBLADET in Swedish 17 Sep 83 p 12

[Commentary by Goran Stjernschantz]

[Text] There is no doubt that inflation is our main problem. It can be combated in various ways. But failure at one point can cause damage at another.

The same is true of the national budget. Even though it has major shortcomings, their negative effects can perhaps be offset by other measures. What is worse is that the government, by being generous, has set a bad example--if the coalition could not impose discipline on itself in the budget process, how can it ask others to do so?

The responsibility for our international competitiveness has now been shifted to the parties in the labor market and the Central Bank. Does that pattern sound familiar?

I have seen the word "austerity" used a couple of times in connection with the budget bill brought forth by the government following severe birth pangs.

If the meaning is that the minister of finance has succeeded in holding back the worst excesses, then the expression is probably justified. But on the whole, of course, there is no question of austerity. On the contrary, the bill that will be submitted to Parliament in a few days exceeds all reasonable bounds and helps to increase inflation. So there is reason to be sparing in our applause.

While expenditures last year rose by 11 percent, the increase this year is estimated at 13.7 percent. If we assume that inflation will be about 6 percent next year, the real increase will be almost 6 percent. That is a lot, considering that the Ministry of Finance estimates the growth in the national product at 3 percent. It can be pointed out, of course, that management of the national debt is taking large sums this time and that without those amounts, the nominal increase in expenditures is just over 11 percent.

From that standpoint, the budget would be regarded formally as almost a zero-growth budget, but considering inflationary pressure, it is not.

This is so partly because it includes items which directly fuel inflation and partly because the swelling of the social budget in particular will help increase consumer demand.

As of this writing, no one knows how the government intends to finance the expenditures.

We can assume that the deficit will be sizable and that it will be covered by extensive borrowing. Over the past 2 years, our foreign borrowing has risen sharply--to approximately twice as much as in previous years--so there is limited room for a continuing increase in that area. Since an abundant inflow of foreign exchange also helps to increase liquidity within the country, domestic borrowing is to be preferred.

But tough problems will arise. Sizable deficit financing has always resulted in government encroachment in the domestic money market, and it is the banks that have suffered. That is certainly how it will be this time, too. The banks, which are already trimming their sails under the influence of last summer's restraints by the Bank of Finland, will presumably have to put a further damper on lending activities next year.

That is a natural development in a market with limited resources.

In any case, the essential thing is the strength of inflation. The minister of finance based his calculations on the assumption that inflation would amount to 6 percent. That was ambitious but unrealistic. Following the budget process, the prospects for staying within that figure have deteriorated. If, on top of that, Parliament adds more expenditures, as it did last year, we will easily reach 8 percent.

This bodes no good for the wage negotiations. The general wage increase of about 10 percent this year leaves 3 percent to be absorbed next year. If the parties in the labor market really succeed in limiting increases to 3 percent and wage drift holds at about 2 percent, the total will come to 8 percent.

But does anyone believe that the unions will be satisfied with 3 percent when the government is operating with other figures everywhere else? The fact that household incomes are expected to rise by 1 percent is poor consolation.

There will probably be some hard fighting in the labor market this winter. It should also be noted that the economic situation is more favorable in the metallurgical industry than it is in the forestry sector. It is therefore not beyond the realm of possibility that the rule of nationwide bargaining will again be broken and that we will get contracts by industry. It remains to be seen whether this will benefit industry's competitiveness.

Kalevi Sorsa said a week or so ago that the government's budget bill also stands up well in comparison with West Europe.

Everything is relative, of course. If we view the budget as an independent government document, we can agree with the prime minister. But since everything

in the national economy is dependent on anything else, the budget--especially those parts of it to which special importance has been assigned--influences the balance in the national economy to the highest degree. So one cannot simply hand over the budget and say that "we have done our part; now the parties in the labor market must carry on from here."

The prime minister shares the responsibility for this poor budget with all the coalition parties, including the SFP [Swedish People's Party], which is bragging about new "appropriations." What we should be doing instead is to protect our competitiveness. While inflation in West Europe has dropped to almost half in 1 year, we are "stabilizing" our inflation at around 8 percent!

Since we cannot afford such extravagances, the government ought to have taken that fact into consideration.

11798

CSO: 3650/1

VALMET FIRM WEIGHS MEASURES TO PRESERVE AVIATION INDUSTRY

Finnair Deaf to Valmet's Cries for Help

Helsinki HELSINGIN SANOMAT in Finnish 27 Sep 83 p 23

[Article by Jyrki Iivonen]

[Text] The death knell has sounded again for Finland's aviation industry, that is, for the latest production venture of the state firm of Valmet's Kuorevesi plant. The fate of the industry will be actually resolved by a committee appointed by the Ministry of Industry which is to submit its report by the end of the year.

At Valmet they are living in hopes that another state firm, Finnair, may offer a helping hand. When it procures commercial airliners [from abroad], it should require that counterpurchases be made in Finland. These compensatory purchases would be directed to the Kuorevesi plant.

Finnair general manager Gunnar Korhonen is ignoring Valmet's cries for help. He says that it is pointless to complain. The biggest plants will not even agree to discuss counterpurchases.

The employment situation at Valmet's Kuorevesi plant is getting worse from day to day. With current orders there will be enough work only until early 1985 when the last Hawk trainer-fighter is assembled. At the same time they are developing a basic trainer, a Turbovinha adapted from a Vinka.

The Kuorevesi plant in Pohjois-Hame employs over 500 workers. Of these, 150 men are employed in the aviation industry proper, by which is meant the manufacture of new aircraft or the production and subcontracting of parts for them.

The plant obtains its basic volume by servicing and repairing Air Force planes and helicopters. Over 200 workers are tied up with that kind of work.

Service and repair jobs constitute the mainstay of Kuorevesi's activities. While the aviation industry proper may come to an end, the service and repair shop will continue to exist.

State Decides

The Finnish aircraft industry will not survive without foreign support. Thus Valmet's owner, the state, will decide on the future of the industry.

The Kuorevesi plant's own opportunities are limited to Vinka orders. So far there has been only enough buyer enthusiasm for friendly interest.

The difficulty in doing business with Finland is its small size. Why should a buyer commit himself for a quarter of a century to a Finnish aviation industry whose future appears to be particularly uncertain? All industrialized countries offer good basic trainers.

There are probably no flaws in the technical properties of the Vinka. The big drawback is its high price — about a million markkas.

National Security

Termination of the aviation industry is even regarded as a matter of national security. This position is justified on the basis of the fact that in Finland we need personnel who can repair aircraft aside from building them in the event of a possible crisis situation.

By a crisis we do not necessarily mean a bloody battle. It may also mean a long-term cold war when border surveillance and the protection of our air space is felt to be important. Then the number of flight hours in peacetime rises to new heights. Since the amount of damages incurred also increases, service and repair personnel must be capable of handling a large volume of work.

In maintaining a state of crisis readiness, a mere repair shop is not enough. One gradually loses touch with developments in the field, workers' morale can weaken and the ability to secure needed aircraft and equipment through new production diminishes.

The death of the aviation industry would mean the dispersion of our know-how. Reassembling it would take several years.

The last time the aviation industry went into a decline was in the 1960's. At that time the most difficult servicing jobs had to be done abroad. Know-how meant translating the instruction manual into Finnish.

Committee Deliberates

The future of the Kuorevesi plant will to a fairly large extent be resolved by a committee appointed by the Commerce and Industry Ministry which is investigating the current tasks and development potential of the aviation industry. Industrialist Uolevi Raade, who has retired from Neste, is serving as committee chairman and representatives of the Commerce and Industry Ministry, Defense Ministry and Aviation Board are serving as members.

The existence of the committee has had its effect inasmuch as no information or views as to the chances of survival of the aircraft construction industry have been leaked by Valmet. The committee does not issue interim reports on its deliberations.

The committee has not yet reached its final conclusions on the matter. So far the only concrete achievement is the fact that the group attended the aviation exposition in Paris this summer.

Compensation Deals May Be Salvation

The road to salvation for Valmet's Kuorevesi plant may lie in compensation deals. The idea is that, when state enterprise Finnair buys commercial airliners, it should require its trading partner to make counterpurchases which would be channeled to the benefit of the Finnish aviation industry.

The counterpurchase idea is probably the reason why Raade's group would prefer to stifle discussion on aircraft. Apparently the committee would like to offer the public the compensation proposal as its own idea.

Elevators, Rudders and Doors

Timidly Valmet has tried to peddle its counterproposal to Finnair. So far the only results they have gotten are the fact that general manager Gunnar Korhonen is annoyed with them.

A good example of compensation arrangements was the Hawk deal in the 1970's. As a condition of the purchase, they stipulated full-value counterpurchases from Finland. Ten percent of these were channeled into the aviation industry.

Valmet lives in the hope that in future Finnair will insist on a clause in contracts whereby purchases will only be made if compensation deals are stated in writing in the documents. In that way Valmet would with the least trouble obtain subcontracts for which it would otherwise only qualify if a regular aircraft producing country did not have the production capacity.

If it should enter into collaboration with Finnair, Valmet would be capable of supplying, for example, rudders, elevators and doors for DC aircraft built by McDonnell-Douglas. Manufacturing them is not just a matter of bending sheet metal; it requires a great deal of knowledge and skill.

Finnair's Korhonen: Valmet Just Greedy for Subsidies

Helsinki HELSINGIN SANOMAT in Finnish 27 Sep 83 p 23

[Article by Jyri Raivio]

[Text] "It's pointless for them to complain. Valmet is just bothering us for the same kinds of subsidies it is bothering everyone else for."

This is how Finnish aviation's strongman, Finnair general manager Gunnar Korhonen, reacted to the anguish of the feeble aviation industry. Regarded as a tough trader in international aviation industry circles, Korhonen buys aircraft accordingly as he feels a deal to be most advantageous from the standpoint of Finnair and just does not pay any attention to what they have to say about it in the backwoods of Kuorevesi.

"For us in general to be able to renew our equipment at all, we always have to strive to get the most advantageous terms possible," Korhonen said and added that dragging counterpurchases into negotiations is impossible. "The biggest plants do not even agree to discuss such terms."

Someone, the Franco-Italian combine Aerospatiale/Aeritalia, has, nevertheless, agreed to do so. Finnair has purchased five of the combine's ATR-42 turboprops for domestic traffic and obtained an obvious counterpurchase for itself. Finnair's Savonlinna plant is building refreshment serving stations, or pantries, for 60 ATR's.

Big Investments

The fact that Valmet addressed its complaint specifically to Finnair is no wonder, since these past few years the national airline has bought and will in future buy aircraft in the Finnish way, for large sums of money. In the last 3 fiscal years Finnair has invested over 750 million markkas in aircraft. Its total investments for the fiscal year ending next spring will amount to 390 million markkas.

Suspecting reciprocal sales in every aircraft deal, Valmet has not benefited from these big purchases by so much as a penny and Korhonen is not offering them much hope of doing so in future either. He cites Commerce and Industry Minister Seppo Lindblom, who demands that state companies too retain what is profitable for them as a guideline for their operations. Both Lindblom and Korhonen insist that, if in the name of employment or other objectives anything other than that is demanded of them, they have to receive separate compensation for it.

At least so far and at as far as this is concerned, that principle has also worked in practice. According to Korhonen, Finnair and Valmet's common owner, the Finnish Government, has in no way required its national airline to make active efforts to obtain reciprocal purchases for the aviation industry in connection with aircraft purchases so far.

The Raade committee has at least so far not felt it was warranted to listen to Finnair's general manager. If it had, Korhonen would have told them that he viewed the possibilities of Valmet's being a manufacturer of aircraft or a partner in big international ventures pessimistically.

On the other hand, Finnair is not at all indifferent to activity on a smaller scale to acquire information and maintain the industry's level of competence, although "in that respect we ourselves operate on a broader front and are closer to the peak of development than Valmet will ever be," Korhonen boasted.

By far the biggest of Finnair's trading partners is the McDonnell-Douglas combine, which builds DC aircraft in Long Beach, California, and for which reciprocal purchases in connection with commercial aircraft deals are by no means unusual. The Italian state firm Alitalia bought 30 DC-9-80's for about a billion dollars and negotiated a reciprocal trade agreement for the Italian state aircraft plant Aeritalia, involving 14 million man-hours, for the manufacture of aircraft parts, a field which Aeritalia had indeed engaged in for 17 years before the closing of the big deal.

In connection with Finnair's purchase of three DC-9-82's last fall, they were also able to make a sort of reciprocal trade agreement. Douglas hired a man in Long Beach who would try to promote the exports of Finnish firms in the United States and elsewhere as well. Korhonen did not himself have any information as to the initial success of the enterprise. Among Douglas' earlier experiences with such arrangements was the sale of DC-9's to Yugoslavia's JAT Airline, which were in part paid for with choice hams that can still be seen in the waistlines of many Douglas employees.

Living in Hopes of Military Aircraft Procurements

It is, therefore, pointless to expect Finnair and commercial aviation reciprocal trade agreements to save our puny aircraft industry. There is, however, still hope and that is in connection with Armed Forces equipment procurements, with regard to which compensatory deals are commonplace.

The biggest reciprocal contract Valmet has so far received was for the assembly of Hawks and their engines. No more have been forthcoming, although the Compensation Committee appointed by the Ministry of Defense is at present discussing over 10 counterpurchase deals for an Armed Forces venture.

According to the Compensation Committee chairman, Ministry of Foreign Affairs department head Pauli Opas, the entire Hawk counterpurchase commitment has been met and even exceeded. However, the committee is still keeping in mind reciprocal trade agreements with British Aerospace (Hawk manufacturer) and Rolls Royce (Hawk engine manufacturer) for possible future needs. Thus the British are keeping compensation deals in store in the event that they may at some later date sell Finland some other product subject to a compensatory trade commitment.

Another big reciprocal trade venture relating to Air Force procurements is the 100-million-markka Learjet target-towing-plane package. They started filling that order 2 years ago, but so far not very successfully so. The objective should have been attained by the end of last year, but the deadline had to be extended with the notation, "for the time being."

The aviation industry did not get to participate in the Learjet reciprocal trade agreements, although, putting together compensatory deals, representative Eino Laakso of Finnaviation, which is importing the Learjets, did say that their objective was the particularly extensive inclusion of improved metal industry products in reciprocal trade agreements.

A new hope is dawning in the field of compensatory deals involving naval target missiles to be purchased from Sweden. According to Opas, in that deal they have agreed on 100 percent in counterpurchases, which will probably also involve the purchase of used Drakens from Sweden.

The Wrong Products?

The acquisition of subcontracts is a hazardous business for the small-scale Finnish aviation industry. All the same, we have not received a single subcontract job since the Hawk contract, neither as a reciprocal trade agreement nor otherwise, even though we have tried to keep our name in plain sight at all of the big aviation expositions, among other places, these past few years.

The future does not look any brighter at all. Finnair is thinking only of its own interests, which Valmet's fantasies of counterpurchases do not seem to fit, and the Air Force's really big deals and their counterpurchases are made on a long-term basis. The strong advance of the new, cheap labor, developing countries like, for example, Indonesia is weakening our chances on purely commercial subcontract markets.

Valmet's Kuorevesi plant, which tins aircraft parts made of sheet aluminum, is not one of the number-one favorites on these markets. It is beginning to appear to be more and more obvious that sheet aluminum parts constitute the wrong product.

In August the Swedish firm, Saab-Scania, entered into an at least 100-million-kronor agreement for McDonnell-Douglas DC-9-80's. Coal fiber and other fibrous materials are the future of aircraft construction and there is a shortage of their manufacturers in the world.

Finland was one of the first countries to use fiberglass and coal fiber in the aviation industry. Ten years ago the fiberglass PIK-20 sailplane, whose wing stay was made of coal fiber as early as 7 years ago, was flying.

A few years back, about the same time fibrous materials began to be in vogue in the world, the industry's production in Finland ended when the Commerce and Industry Ministry denied a modest request from the sailplane manufacturer for a product development appropriation. The industry's skilled workers dispersed to any jobs they could find, among them two engineers with degrees who went to work for Saab-Scania in Sweden.

Valmet's Kuorevesi plant has at no point been interested in fibers. If it had been, a Finnish firm would probably be manufacturing the airbrakes for the DC-9-82, in spite of Finnair's unwillingness to seek reciprocal trade agreements.

11,466
CSO: 3617/10

BRIEFS

CONSUMER PRICES RISE--According to the Central Statistical Office's index, consumer prices rose by 9.0 percent between August of last year and August of this year and by 0.2 percent from July to August of this year. The price rise was due in part to increases in bus fares, newspaper subscriptions, and the cost of children's day care. The lowest rise in the regional indexes between August 1982 and August 1983 occurred in Keski Suomi (8.7 percent), while the highest was recorded in Helsinki (9.5 percent). Among the various population groups, the rise varied from 8.2 to 9.2 percent. The consumer price index stood at 174.0 in August (1977 = 100), and the delivery cost index stood at 876 (October 1951 = 100). [Text] [Helsinki HUFVUDSTADSBLADET in Swedish 17 Sep 83 p 12] 11798

UNEMPLOYMENT NOW 5.2 PERCENT--The number of unemployed jobseekers has risen by 8,300 persons in 1 year--129,700 Finns were out of work in August, reflecting an unemployment rate of 5.2 percent. But unemployment dropped by about 12,000 persons between July and August. Compared to August of last year, unemployment has increased everywhere in the country except in the Helsinki and Tampere manpower districts. The unemployment rate is still highest in Lappi (10.7 percent) and lowest in the Helsinki area (2 percent). In Aboland, unemployment increased by 900 persons in 1 year, while in Vaasa it rose by 600. The number of laid-off workers has declined since August of last year. At the end of August 1983, 9,900 of the unemployed had been laid off, compared to 11,000 a year earlier. There were also considerably fewer people working a short week--7,600 persons were on a short workweek in August. At the end of August, 15,500 vacant jobs were registered with the manpower offices. That is approximately 1,000 more than in August of last year. Half of the available jobs are in the Helsinki manpower district. Most of the new jobseekers registering in August (86 percent) had worked previously. Another 6 percent were school graduates registering for the first time, and 8 percent had previously been outside the labor market as such. [Text] [Helsinki HUFVUDSTADSBLADET in Swedish 20 Sep 83 p 10] 11798

BRIEFS

DATA PROCESSING MARKET GROWS—The "full scale" study carried out annually by the SFIB (Association of Manufacturers of Data Processing and Office Equipment) reflected the great dynamism of the French data processing market in 1982. With a growth of 30 percent in the market, the total number of French data processors rose to 134,317 (an increase of 20.4 percent). However, one negative point was that this growth was primarily of benefit to foreign manufacturers. The total number of French data processing machines reached 134,417 on 1 January 1983, amounting to a growth of 20.4 percent in the number of installed computers and a growth of 30 percent by value for the whole French data processing market in 1982, compared to 1981. Thus, the French data processing market amounted to 34 billion francs in 1982. According to Riviere, president of the SFIB, this development should be credited to the "necessary process of catching up with the rate of data processing in use, which in France remains less than the level of the most advanced foreign countries which are our trading partners." In terms of the size of the systems installed, this growth in the present stock of equipment was primarily of benefit to the very small systems--whose value is between 50,000 and 250,000 francs--which grew by 20 percent. It was also of benefit to the small systems--whose value goes from 250,000 to 1.6 million francs--which grew by 26 percent. Out of the 23,615 computers sold in France in 1982, 18,463 were in these two categories. However, this growth was not equally profitable to all computer manufacturers. In fact, although exports of French computers increased by 19 percent in 1982, imports of computers jumped by 27 percent for office systems and by 41 percent for data processing equipment. This is an alarming situation which further worsens the French deficit in this category, which has gone up from 2.2 billion francs in 1981 to 5.8 billion francs in 1982 for data processing equipment and from 3 billion francs in 1981 to 4 billion francs in 1982 for office systems. During the first half of 1983 the SFIB notes that with a total increase of 32 percent in its overall business turnover, the market is as dynamic as it was in 1982. On the other hand, the trend in orders (which increased only 5 percent) "should be a matter of concern to the trade." [Text] [Paris ELECTRONIQUE ACTUALITES in French 2 Sep 83 p 1] 5170

CSO: 3519/29

AIM CLOSURE IMPACT ON SAGUNTO COMMUNITY, LOCAL REACTION

Madrid ABC in Spanish 30 Sep 83 pp 48-9

[Article by Cesar de Navascues]

[Text] In Sagunto, it is all for one, as in "Fuenteovejuna." The government seems to be unaware of the real nature of the problem it faces. It is not a question of union resistance promoted by the Spanish Communist Party (PCE) and the Workers Commissions (CCOO), which the government must confront in other parts of Spain. In Sagunto it is up against an entire population stoutly and determinedly opposed to a government decision it feels is erroneous and a threat to its survival.

After 2 full days of what we could call the "eye of the hurricane," this reporter can safely say that what is happening in Sagunto is entirely unlike the various conflicts he has covered throughout his career. Strikes tend to evolve in a similar manner: a highly politicized minority drags a greater or lesser number of a group into the protest. Many of them do not go voluntarily, but are intimidated by the picket lines, euphemistically termed "informational." Their potential for violence was evident in the last strike by Madrid bank employees, and in the case of the truck driver who was stoned to death for not honoring a transportation strike.

In Sagunto there are no pickets. There are no speeches or violent words. There are no raised fists. There is simply a cold and calculated determination on the part of an entire town not to allow itself to be buried. Workers Commissions, clearly going all out in this effort, is really only heading up a pre-existing protest and raising the banner.

Divided Town

Sagunto, like many other Spanish towns, is divided into two parts. The urban center is in the foothills of a mountain that presides over the Roman ruins, which attest to the heroic resistance of Saguntinos against the Carthaginian troops. This part of town has about 20,000 inhabitants. Five kilometers toward the sea, the Port of Sagunto is the home of 36,000 residents and the site of the Altos Hornos del Mediterraneo steel mill. This is where most of the opposition to the government's plans is to be found.

This geographical situation gave a decisive advantage to Workers Commissions when it came time to capture the leadership of opposition to the plant closure. There were two locals of the old Vertical Union in the municipality. The one in town remained with the General Union of Workers (UGT), while the one in the Port went to the CCOO. It is in this local that we find the Coordinating Office of the three unions representing workers at Altos Hornos del Mediterraneo: CCOO, UGT, and the National Confederation of Labor (CNT). Thus, the leadership of the struggle is associated with the image of a building on whose main balcony is a flag with the motto, "CCOO of the Valencian Country," and bearing a black crepe strip alluding to the slogan, "No to the death of a town."

Information Battle

The first thing one notices in Sagunto is that the government and the management of Altos Hornos del Mediterraneo have completely lost the information battle, if they ever entered it. If one calls the plant in an effort to talk with Director Francisco Fores, a secretary not only states that he is out, but also warns that "under no circumstances will he make any kind of statement," and advises the caller to inquire in Madrid, because "there they have everything." At the Department of Public Relations there is no dossier or any kind of statement by the management or the government on this matter. Employees of the department confessed to this reporter that the little information they have on the problem "comes from the news media."

It might be assumed that such media are, to a great extent, in the hands of the government, at least the most important of them, Television Espanola. Union graffiti and communiques would seem inadequate compared to this media giant. But in Sagunto that reasoning does not hold true. There are graffiti, most of them against Solchaga, and even some by separatist and revolutionary groups such as Terra Lliure. But the main source of information for the entire population is comparable to the tom-toms of the jungle or the call to arms high in the belltower of an old Spanish town: a car equipped with a megaphone runs through the streets of the town, announcing news or calling people to an assembly at the Fornas stadium. In less than an hour, this sports stadium is filled to overflowing with local residents, who, tremendously sensitized by the problems, respond faithfully to this system of communication which exposes "among other things, the untruthfulness of many of the reports broadcast by Television Espanola." In this regard, Felipe Gonzalez' statement in Parliament that Mill 28 was being dismantled for repairs received a very negative response. The entire town knows that this statement was not true. Mill 28, according to the union representatives at the assembly, once dismantled "deserves only to be given a decent burial."

General Alert

The atmosphere is calm in Sagunto, but some details betray the general state of alert that prevails among the residents. Newspapers are sold out at the kiosks. Conversations--always about the same topic--cease in bars and cafes when some news item related to the steel mill problem is announced on the radio. At the assembly where townspeople voted to return to work in view of the promise that the case would be studied by the Follow-up Commission and

that at the same time dismissed workers would be called back (more than 2,300 votes in all, out of a payroll of 4,200 people, bearing in mind that one shift was working at the time), there were serious conflicts because many residents wanted to participate in the vote, since "this issue affects the entire town."

Marketplace

The center of town life in the Port of Sagunto is in the marketplace. The Workers Commissions headquarters is located there. One hundred meters away, beyond the other end of the plaza, is the Fornas stadium, where the assemblies are held. Between the two is the police station.

At the most tense moments, with 80 dismissals and 80 proceedings filed concerning plant personnel, life in the heart of this city remained calm. The police did not move from their positions at any time, nor were they provoked, nor did anyone even look askance at them. Access to the stadium for a decisive assembly was facilitated by the Municipal Police, who stopped traffic so that people going to the stadium could cross the streets. Neither at the assembly nor in the streets were there any harangues in which one could hear the usual phrases bandied about in labor conflicts, such as "workers power" or "struggle against oppression." Nor was there a single raised fist. The tone was one of silence, or conversations at a normal level. But all of these actions exuded the calculated determination of the whole town to oppose what they consider a threat to their survival.

Commerce Stifled

On market day, when the marketplace usually fills with buyers in every town in Spain, trade was clearly stifled, and few transactions took place. The president of the Sagunto Merchants Association, Alberto Martinez Gil, told us that his entire association—including not only retail establishments but also many small industries—has taken sides with the workers in the conflict.

"Are you so directly affected by the matter?"

"Altos Hornos is now the only source of wealth left in Sagunto. From it flows the money that is distributed throughout the town, providing a source of income for local business. Furthermore, we are Saguntinos, and we have an obligation to support them. This is one of the many firms that have gone under here, but the difference is that this is the last and the biggest. We cannot agree to it. It should be noted that here we will lose much more than the 2,200 jobs announced. When the integrated plant was installed, we lost about 1,100 hectares of the best farm land and 2,000 rural jobs in exchange for a like number of industrial jobs that were promised but never delivered. To give you an idea, just a few years ago 5,000 people were placed on the Social Security rolls in the construction sector. Today only 80 remain. In small businesses and other sectors, 2,500 jobs have been lost. According to a study conducted by our association, in 1981 per capita income had fallen by 40 percent in just 2 years. In 8 years Altos Hornos' payroll shrank from 6,500 to the present 4,200 employees. The situation has an impact on the whole town.

"Is it true that there are merchants who are about to go bankrupt because of the accumulation of unpaid bills owed by their customers?"

"Yes. But it's not just that. Their purchasing forecasts did not correspond to actual sales, which have declined by up to 70 percent in some cases, such as home appliances and furniture. In general, sales have fallen between 40 and 50 percent. Butcheries and fish shops have stopped selling the best cuts. Everyone boasts of the lowest prices. The bars here used to have customers at all hours. The Altos Hornos shifts let off workers at all hours of the day to fill them up. Now those bars have seen sales plummet almost 50 percent."

"Reveal the Truth"

In this town, which voted Socialist in the general as well as the municipal elections, Workers Commissions is clamoring the loudest for action. But this should not fool anyone. Even the mayor himself, Socialist Jose Garcia Felipe, shares the general belief that the government is wrong, and declares that "as an Altos Hornos worker I am united with my comrades."

The main objective of the Saguntinos' struggle is not just to sit down at the bargaining table with the Follow-up Commission—which many suspect has been a mere smoke screen, an effort to stall for time while solving the knot of 80 dismissals in the face of the dismantling of Mill 28—but also to combat what they call the "government's misinformation campaign" about this matter, to reveal the truth. In this regard, we should note the great yield the Saguntinos have gotten from the 20 million pesetas collected from the people. In this case, the women of Sagunto have played a vital role; these wives, daughters and girlfriends of the workers, sporting tee-shirts that proclaim, "Hot Strip Mill" or "No to the death of a town," make expeditions by car to all parts of Spain. The night of the assembly when it was decided to return to work on the promise of negotiations, after an entire day spent gathering signatures in the streets of Valencia (they obtained 50,000, pushing them up over the half million signatures necessary for the case to be heard in Parliament), their cars continued to arrive at the assembly from 2200 hours on, as the women joined the assembly before going home to be with their families.

Opinion of Saguntinos

So far the government has failed utterly in its information policy regarding the decisions it has made on Altos Hornos del Mediterraneo. And the Saguntinos feel that the reasons for the plant closure are basically the following:

1. Altos Hornos del Mediterraneo is the only Spanish steel mill on the shores of the Mediterranean. The primary reason for its closure is pressure from the Common Market—specifically, Italy and France—to facilitate our joining the European Community.
2. At a time when part of the Spanish steel industry has to be shut down, the government has not dared take on Altos Hornos de Vizcaya, in the Basque Country, where the Basque Fatherland and Liberty Group (ETA) could step up

its violence; nor the National Iron and Steel Enterprise, Inc. (ENSIDESA) in Asturias, where the PCE's power is well known (both Santiago Carrillo and Gerardo Iglesias are Asturians). That is why it chose Sagunto.

3. The Kawasaki report demonstrates that Altos Hornos del Mediterraneo could become profitable in the medium term if it is restructured, which involves reducing the buying power of wages and cutting back on the payroll somewhat. These conditions were accepted by the unions at the Follow-up Commission. The fact that the government has stopped convening the Commission and has decided to dismantle the furnace at Altos Hornos del Mediterraneo instead of installing the hot strip mill that would make it profitable, has been viewed this way: "It is the government that is acting illegally, not us."

4. One strong factor for Saguntinos is the government's refusal to debate these issues. At the Coordinating Office we were told: "If the government is right, then why doesn't Solchaga agree to debate with us on television, with whatever experts he likes, and make fools of us?" They point out that after it was agreed that the matter would be aired on Sibely Valle's program "Encuentros en libertad," the Saguntinos' representatives were denied permission to appear, and Councilman Bru of the Valencian Generalidad was named to represent them. Saguntinos feel that this man, who "takes orders from the Spanish Socialist Workers Party (PSOE)," could not defend their interests.

No One Knows What Might Happen

What remains clear is that the Saguntinos are not going to let Altos Hornos del Mediterraneo be closed without opposition. How? They don't say, but the leaders of the Coordinating Office do state:

"We cannot say anything about it. At every point in time decisions will be made in accordance with the circumstances. But bear in mind that the entire population is sensitized. The whole town is united behind the plant workers, the merchants . . . The government had better be careful in whatever it tries to do! We are not against it, but against an erroneous decision. But if it pushes too far, it risks getting its hands dirty. If we are forced to paralyze everything, there is no telling what might happen here. It would be so serious that we could not be responsible for the consequences."

8926

CSO: 3548/27

INI TO INITIATE FINANCIAL AUSTERITY PROGRAM

Madrid EL PAIS in Spanish 8 Oct 83 p 43

[Article by Gustavo Matias]

[Text] Madrid—The National Institute of Industry (INI) will soon launch an austerity plan. In the first stage, investments in its group of enterprises for 1984—a total of 481.45 billion pesetas—will be practically frozen with respect to the figure for this year—481.969 billion—according to the holding company's Program for Action, Investment and Financing (PAIF). The program was approved a few weeks ago, and was adjusted last Monday by the government economic team. Deducting the growing financial obligations, however, the funds earmarked for real or non-liquid investments (plants, machinery, land, etc.), will drop from 176.427 billion pesetas to 151.439 billion. Other noteworthy data indicate that private shareholders will abandon these investments in increasing numbers, while financial investment from outside the group will grow.

The government economic team's adjustments of the initial figures, which had been approved a few weeks earlier when the State Budgets were drawn up, consist of cutting some 7 billion pesetas out of the funding for program-contracts with a half dozen companies, and subtracting a similar amount from subsidies to Iberia by means of the imminent elimination of family discounts, inter-island flights and trips to Guinea.

All in all, state subsidies with no foreseeable return will total 80.56 billion pesetas in contributions to the INI capital fund, plus 90.273 billion more in long-term credits the institute will extend to make up for this year's losses (85 percent will come from the two steel enterprises, the two ship-building firms, Seat and Babcock Wilcox, a list from which Enasa will disappear). There will also be 36.151 billion pesetas for program-contracts and various subsidies, which with the exception of the Hunosa case (21.1 billion) are also being granted to private companies in the same sector.

Most of the initial investment program (43.7 percent, or 204.074 billion pesetas) will have to be used to underwrite the rising debt of these firms. For every 100 pesetas invested, nearly 82 have been invested this year with outside resources, when a maximum of 60 is considered necessary for viability. Thus, paying back loans and bonds this year has accounted for 34.3 percent of

the investments, a percentage which will have to rise to 43.7 percent in just one fiscal year because of the small amount of internal resources utilized to date. Aside from that, another 10 percent will go far to cover amortizable expenses.

To break this trend—now more than half of total investment each year is buried in repayments and amortizable expenses—the share of outside resources will decline from 81.4 percent of total investment to 57.7 percent, equivalent to 269.496 billion pesetas.

Relieving Financial Burdens

This sharp cutback should relieve the financial burdens borne by all the business sectors of this state holding company, except for capital goods, which will see its portion of outside funds rise to 38.8 percent. In contrast, the food sector will have a drop of 76.1 percent, fertilizers 69.4 percent, the automotive sector 76.1 percent, and defense 60.5 percent.

Another measure aimed at diverting funds toward real investment will be the reduction from 44.238 billion pesetas to 24.88 billion (initially the total was 12.894 billion) of the variations in circulating capital.

The contraction of investments in non-liquid assets will have a particular impact on the electronics and data processing, fertilizer, and electrical power sectors, with respective declines of 76.5, 50.5 and 54.4 percent. In contrast, there will be increases in such sectors as the iron and steel (159 percent, to 25.493 billion) and automotive industries (from 20.465 to 28.2145 billion).

The capitalization effort, unprecedented in recent history, will reduce the use of outside resources by some 31.3 percent in comparison with 1983, and will be supported by a stronger generation of internal resources by the firms involved, as well as by hefty increases in contributions by the state and INI. The Institute will send 170.56 billion pesetas to its enterprises, nearly double this year's figure. In addition to that sum, 7.511 billion pesetas has been provided for increases in financing pursuant to Article 12 of Decree-Law 20/1970, 2.264 billion for investments to be decided upon by the government, and the aforementioned 90.273 billion in government credits.

8926

CSO: 3548/27

CCOO OPPOSES ALTERNATIVE INDUSTRY FOR AHM JOBLESS

Madrid EL PAIS in Spanish 6 Oct 83 p 57

[Text] The Chemical Federation of the CCOO [Workers Commissions] has expressed its rejection of the possibility of setting up in Sagunto a fertilizer factory of Enfersa and another factory of the Italian firm SIF for the production of window glass, as a solution to the problem posed by the excess of personnel at Mediterranean Blast Furnaces that would result from the closing down of the main plant. According to assurances made by the CCOO in a document prepared by the aforementioned federation, the fertilizer and window glass sectors are faced with serious problems of overproduction that would be aggravated by the implementation of these measures.

The fertilizer sector at the present time, the aforementioned federation recalls, has an overcapacity of 25 percent as a result of the recent years of drought, an overcapacity that has led to the announcement of a plan to reconvert, which resulted from the closing of fertilizer-producing plants of Explosivos Rio Tinto, S.A. and Cros. As for the automobile window glass sector, the union stresses that Spain already has a production capacity of 1.5 million units per year and the estimated production for 1983 was for 1.2 million units.

The Chemical Federation expresses its surprise that "the very people who have shown themselves to be so excessively austere in the matter of the iron and steel industry are those who come up with alternatives totally lacking in austerity, creating, with these proposals, the possibility of unemployment higher than that which they claim will be created." Along this same line of reasoning, the federation points out that in the case of the ERT the fate of seven fertilizer factories that employ 2,000 workers is at stake. "It seems logical," says the document, "to assure these 2,000 workers of employment before embarking on other options."

The possibility of setting up an Enfersa fertilizer factory in Sagunto makes less sense in the judgment of the CCOO, if one takes into account that a mere 50 kilometers away is the Castellon factory that produces ammonium nitrate and nitric acid, precisely the same products that would be turned out in Sagunto.

On the other hand, the Chemical Federation states that the estimates of growth of the sector at the rate of 3 percent per year, used to justify the Sagunto project, "are untenable unless there is a radical change in the rate of rainfall measured in the next few years, which no one can venture to guarantee as a sure thing." "The sole justification of the idea that the market can absorb this production capacity when the Sagunto plant is put into operation, is founded, in the opinion of the aforementioned federation, on the basis of the shutting down of the Enfersa factory in Puentes de García Rodríguez (La Coruña), with a capacity of 150,000 tons per year.

With regard to the Italian window glass factory of the SIF, the document points out that "it seems unworthy of serious consideration that the people who are searching for efficiency in public enterprise in Spain should seek the protection of an enterprise that has been nationalized in Italy because of its losses."

8089

CSO: 3548/21

MAJOR PORTION OF IRYDA INVESTMENT FOR IRRIGATION PROJECTS

Madrid EL PAIS in Spanish 6 Oct 83 p 54

[Article by Cesar Lumbreras]

[Text] Francisco Botella, president of the Agrarian Reform and Development Institute [IRYDA] has indicated that this organization will invest the major portion of its funds in land irrigation. In this way he has denied that the investment proposals of this organization in Andalucia under the Interterritorial Compensation Fund [FCI] during 1984 will be earmarked to pay the appraised value of property expropriations in this autonomous community. The agrarian entrepreneurs had expressed their fear that these public funds were earmarked for this purpose when the FCI figures were made public.

According to the FCI report on investment proposals for 1984, 10,949,000 pesetas are assigned to the Ministry of Agriculture, Fishing and Food Production and are earmarked for Andalucia. Of the total figure 9,156,700 belong to the IRYDA, a fact which has created concern among the agrarian entrepreneurs of this region. According to what was revealed by sources speaking on their behalf, this fear is justified in view of the high percentage of the total amount assigned to the Ministry of Agriculture and earmarked in this region for the IRYDA, in comparison with the figures applying to other autonomous communities.

According to the same sources, this is explained by the need to finance the expropriations of some properties on the basis of measures taken in recent years by experts of this organization, some of which were already revised last spring when it was announced that the process of expropriating four properties in the Cordovan locality of Palma del Rio was being initiated.

However, Francisco Botella has denied this possibility and has indicated that the major portion of these funds will be earmarked for the conversion of arid lands into irrigated areas. Of the 9,156,700 pesetas, 4,164,900 will be invested in the conversion into irrigated areas of zones of national interest and in other zones declared as regions requiring direct action and in the conservation of same. The next item from the standpoint of importance is that concerning the creation of channels, drainage systems and communication works in zones involving special arrangements and improvable districts and for the conservation of same, in which operation 1,701,800 pesetas will be employed.

Only 1,500,000 pesetas of the total of 9,156,700 belonging to the IRYDA will be invested in the acquisition of lands and the payment of fees and expenditures incurred in making these purchases. The items next in importance amount to 872,700,000 pesetas for improvement works and intensified irrigation operations in zones of national interest and others requiring direct action and for the conservation of same, and another item of 5 million for the industrialization of agricultural food production in direct action zones and conservation of same.

The remaining funds will be invested in the construction of centers for contract negotiations for farm products at the point of origin in direct action zones of this organization and in the conservation of same (114.9 million), the construction of works in zones of national interest and in properties of social interest or voluntary offerings, excluding the irrigated lands (82.9 million) soil studies and hydrogeological studies and operations involved in the harnessing of waters and in the matter of residual waters (95.4 million) and others of less importance (rural electrification and the creation of infrastructure).

The second region most benefited by the IRYDA investments under the FCI will be Castilla-Leon, with 4,843,700 pesetas earmarked basically for small parcel contract works.

8089

CSO: 3548/21

EXPORTS TO IRAN BOOM, EASTERN EUROPE ON DECLINE

Istanbul DUNYA in Turkish 21 Sep 83 p 3

[Text] Turkish exports to Iran rose by 118 percent in the first 6 months of this year compared to the corresponding period last year. On the other hand, there was a 39 percent decline in exports to Eastern European countries which, last year, were moved from the quota of trade-by-agreement countries to the quota of countries with which trade is conducted on the basis of free foreign exchange.

According to a survey conducted by the Istanbul Chamber of Commerce, figures comparing foreign trade in 1983 with that of 1982 show that in contrast to the decline in exports to Eastern European countries there was a 50-percent increase in imports from those countries. In the case of Iran, both exports and imports rose in comparison to the previous year. Officials point out that the reason both exports and imports rose in trade with Iran is that trade between the two countries is conducted on a barter basis.

Meanwhile, opposing trends have been observed in exports and imports with Eastern European countries since they were removed from the quota of trade-by-agreement countries and included in the quota of countries with which trade is conducted on the basis of free foreign exchange. While exports to these countries declined, there was a significant rise in imports from them. Officials state that upward fluctuations in the price of basic goods in our country have played a major role in the decline of exports to Eastern European countries.

The growth in the volume of imports from Eastern European countries is attributed to the fact that certain goods produced by these countries became cheaper than comparable goods produced by other European countries after imports from the East Europeans were freed from restrictions. Importing firm representatives predict that imports from Eastern European countries will continue to rise in the second half of this year in view of the high quality and attractive prices of the goods produced by these countries.

9588

C80: 3554/12

FOREIGN EXCHANGE DEPOSIT ACCOUNTS SUCCESSFUL VENTURE

Istanbul CUMHURİYET in Turkish 21 Sep 83 p 9

[Report by Osman Ulagay]

[Text] The declining trend--which began in the second half of last year and which consolidated itself this year--in worker remittances, one of Turkey's major trump cards on the issue of closing its balance of payments deficit, has begun taking on worrisome dimensions. Worker remittances from abroad were \$691 million in the first 6 months of this year, down from \$905 million in the first half of 1982.

We asked about the reasons for this adverse development to Central Bank President Osman Siklar, whom we can describe as the "bank president in pursuit of worker remittances." Siklar said:

"In my opinion, it is not true that the savings potential of our workers abroad has decreased and that, consequently, they are sending less money to Turkey. What is happening is this: Turkish workers employed abroad, particularly those working in Germany, are preferring to put their savings in Foreign Exchange Deposit Accounts [FEDAs] rather than changing their foreign currency into Turkish currency at the exchange rate in effect at any given time. This way, they are able both to earn more interest than what is paid by German banks and to benefit from the rising value of the German mark vis a vis the Turkish lira. Worker remittances appear to have declined because there is growing interest in these accounts and funds deposited in such accounts are rising every day."

Siklar illustrated his words by showing figures for worker remittances and funds in FEDAs. It is true that while worker remittances declined by \$214 million in the first half of this year compared to the corresponding period last year, funds deposited in FEDAs reached 948 million deutschemarks, that is \$356 million, in the first 7 months of this year.

However, since funds deposited in these accounts can be withdrawn in foreign currency at maturity, can they be considered as "foreign currency receipts"? To this question, the Honorable Siklar replied:

"You are right, but the terms of this account are so attractive that there are very few withdrawals. For example, the ratio of withdrawals from these accounts to what remains in them has remained around 2 percent in the last few months."

Let me also state that there are citizens who have not withdrawn a single penny from their FEDAs in the many years that they have had them."

Funds Deposited in FEDAs 1980 through 1983 (in millions of deutschemarks)

<u>Month</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>
January	22.1	49.5	73.4	182.2
February	17.4	32.1	66.2	122.4
March	14.3	33.7	66.9	121.0
April	15.0	27.4	59.0	102.3
May	17.1	32.7	61.3	109.7
June	19.3	36.6	69.1	112.1
July	26.3	53.0	98.4	198.2
August	29.9	35.7	119.7	
September	31.0	51.6	91.0	
October	19.7	47.8	71.1	
November	20.0	32.3	60.6	
December	26.3	45.1	98.5	
Total	258.4	477.5	935.2	(first 7 months) 947.9

A glance at the development of funds held in FEDAs in the last 4 years clearly demonstrates that there is growing interest toward this account. In particular, funds deposited in these accounts in the first half of this year have increased by 92 percent to 948 million deutschemarks from 494 deutschemarks in the corresponding period last year. Siklar said that funds deposited in FEDAs may reach 1.5 billion deutschemarks by the end of this year.

The growth of funds deposited in FEDAs in contrast to the steady decline in worker remittances is most likely an indication of the pessimism held by Turkish workers abroad about converting their foreign currency into Turkish currency and using it in Turkey. Falling interest rates and the fact that the government has still not taken any steps toward making Turkish workers abroad partners in certain large projects are undoubtedly having their effect on this attitude of the workers. We asked Siklar if they have any plans to attract workers' foreign currency savings to Turkey on a permanent basis. Siklar said:

"The Central Bank did some preparatory work on channeling workers' foreign currency savings into certain large projects and investments by giving them profit guarantees. But so far no final decision has been taken on this issue."

Siklar pointed out that, until such options are clarified, it is a great advantage for Turkey to have workers' foreign currency savings in Central Bank FEDAs rather than in German banks. He added that funds deposited in FEDAs give the Central Bank maneuvering room in its foreign operations and that workers' foreign currency savings provide facilities to control inflationary pressures.

Stating that efforts are under way to expand the FEDA implementation--which is currently run within the framework of an agreement with the Dresdner Bank in the FRG--to Holland and Switzerland, Siklar reiterated: "You will see; funds deposited in this account will climb to very high figures."

How do FEDAs Work?

--Workers who deposit their money in these accounts can withdraw their money in deutschemarks at the end of the maturity term of the accounts. This way, they do not have to risk devaluations; they can, on the contrary, benefit from the deutschemark's rising value against the Turkish lira.

--The workers can earn interests of 10 percent on 1-year accounts, 12 percent on 18-month accounts, 14 percent on 2-year accounts and 7 percent on demand deposit accounts. These rates are several points above the maximum interest offered by the German banks.

--FEDAs can be used as assets in imports by waiver.

--Various easements have been provided for depositing in and withdrawing from FEDAs.

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TURKEY BECOMING FOCUS OF FOREIGN INVESTMENT INTEREST

Istanbul CUMHURİYET in Turkish 27 Sep 83 p 9

[Text] Having attracted the attention of bankers, Turkey seems to be headed toward joining the countries that are watched with intense interest by foreign investors. The fact that well-known capitalists who did not see Turkey as a good investment prospect so far have started visiting our country on the footsteps of each other to investigate investment opportunities is the first indication in this trend.

Karim Aga Khan's visit today to sign a protocol on tourism investments in Turkey follows the 3-day visit paid last week by Max Grundig, the owner of the world-renowned electronics firm, Grundig. A delegation from OPEC, which advises American investors on overseas investment prospects, is expected in Turkey next week. Meanwhile it is hard to overlook Saudi businessman Adnan Kashoggi's rising interest toward Turkey and his and his family's increasingly frequent visits to this country.

As foreign investors' interest in Turkey becomes more intense, Turkey continues to be the focus of attention of international banks. While U.S. banks such as Citibank and American Express which have opened branches in this country report that their operations here have been more productive than they had expected, Chase Manhattan and the First National Bank of Texas are reported to have applied to open branches in Turkey. Two or three other U.S. banks are also reported to be planning to open branches in Turkey. It is reported that, paralleling this interest shown by foreign banks in our country, Turkey's prospects for finding credit in the international credit market may improve in coming months. Meanwhile, an agreement for a loan much larger than any other loan procured so far is expected to be finalized in the coming weeks.

Why the Interest?

The increasing attention shown by foreign banks and investors in Turkey is the result of developments that have taken place in Turkey in the last 3 years as well as developments around the world. The deep economic crises that have engulfed countries like Brazil, Mexico and Chile--which foreign banks and investors described as "wonder countries" only two years ago--and mounting political risks in the Middle East and countries like the Philippines have increased Turkey's relative importance in the eyes of foreign banks and investors.

The major domestic developments that have given rise to an increase in foreign interest in Turkey can be listed as follows:

--The belief that, from a political stability viewpoint, a "good" environment has settled in Turkey and that this environment will endure--at least in the short run--under parliamentary rule.

--The belief that labor union problems will remain under control and that excessive wage demands will not be met in Turkey for the foreseeable future.

--The belief that the Turkish government will be permissive in implementing foreign capital legislation and that foreign capital will have increasingly better prospects in the future.

--The fact that Turkey's trade expansion into Middle Eastern countries in recent years has created prospects for using Turkey as a center for selling goods and services to the rich Middle Eastern market, in addition to Turkey's 47-million strong domestic market.

--The fact that Turkey is in a more advantageous position than other developing countries from a perspective of workforce potential and technological experience.

--The fact that Turkey has the natural resources and characteristics needed for tourism or agriculture-based industries.

Foreign investors that will come to Turkey in the future are expected to be primarily interested in tourism and agriculture-based industries.

However, it must not be forgotten that foreign investments in Turkey are at present in the feasibility study stage, and large investments must not be expected soon.

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REF: 3554/19

TAMER ON TURKISH INVESTMENT INCENTIVES FOR ARABS

Istanbul CUMHURIYET in Turkish 27 Sep 83 pp 1,11

[Report by Meral Tamer]

[Text] Istanbul's luxury hotels are preparing for one international conference before another one is over. Watching these mostly economic conferences, the first question that comes to one's mind is: "Why did the foreigners come this time?"

At the Turkish-Arab Joint Chamber of Commerce meeting that started at the Hilton yesterday we asked that same question first to ourselves, then to Turkish Union of Chambers [TUC] officials who had organized the meeting and then to the Arab businessmen who had come to our country to attend the meeting.

TUC President Mehmet Yazar began his words by saying: "This meeting is another piece--another link--in our effort to open up to the outside world." Noting that the goals of the meeting include the further development of trade with Arab countries and encouraging Arab businessmen to invest in various fields in Turkey in partnership with their Turkish counterparts, Yazar continued:

"One major goal of this meeting is reviving the Turkish-Arab Joint Chamber of Commerce which was set up in 1969 and which has effectively not been active for the past 5 years. At this meeting we will try to reach an accord to hold Turkish-Arab Joint Chamber of Commerce meetings every 2 years. We are prepared to assume the responsibility for organizing these meetings.

Asked whether "Arab businessmen are likely to decide at this meeting to invest in Turkey", Yazar replied: "The participants in the meeting are the leaders of professional chambers in various Arab countries. They will tell what they learn from us to businessmen in their countries. For example, (Ismail Abudaoud), the president of the Saudi Union of Chambers, asked for many copies of the text of the speech made by Namik Kemal Kilic, the Deputy Director of the Foreign Capital Department, to give them to businessmen in his country. That is very encouraging. The goal of this meeting is to exchange information. But you are asking whether there may be accords for investments. Perhaps, one or two accords may be signed at the bilateral talks to be held tomorrow."

Later on, we posed the same question to (Yusuf al-Fulaij), the head of the Kuwaiti delegation. (Al-Fulaij) said that they "have come to Turkey to gather

information about various investment and trade prospects" and that they "have been appointed to carry this information to businessmen in Kuwait." What emerged from these conversations is that, during this meeting, investment opportunities will be explained to the leaders of the Arab professional chambers and ways will be sought to expand trade with these countries.

Indeed, virtually all the Turkish speakers at the meeting, including Minister of Trade Kemal Canturk and Deputy Director of the Foreign Capital Department, Namik Kemal Kilic, briefed the Arab delegates in detail on Turkey's economic indicators and rising trade figures and tried to convince them that Turkey is an investment-worthy country.

In contrast to meetings held with the participation of Western delegates, in this meeting no need was felt to say a single word about the fact that "lasting political stability has been established in Turkey."

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AEGEAN BUSINESSMEN ON INFLATION, ECONOMIC POLICY

Istanbul CUMHURİYET in Turkish 21 Sep 83 p 9

[Text] Izmir--Asserting that inflation cannot be curbed by the tight-money policy that is in effect, Aegean industrialists and businessmen contended that some revisions in the policies being implemented are inevitable.

Ersin Faralyali, Executive Council Chairman of the Aegean Chamber of Industry; Arif Onat, Director General of METAS [Izmir Metallurgy Factory Corporation]; Sahin Ozbek, Deputy Executive Council Chairman of the Izmir Chamber of Commerce; and Orhan Mentese, Deputy Assembly President of the Aegean Chamber of Industry, responded to questions on the issue.

The Aegean industrialists and businessmen concurred that inflation in Turkey has turned from a demand-pull to a cost-push inflation. Stating that this inflation cannot be stopped by the tight-money policy being implemented, the Aegean industrialists and businessmen said that they believe that certain new arrangements on this issue are inevitable. The Aegean industrialists and businessmen expressed the following views on this issue:

Ersin Faralyali: Excessively high interest rates, excessively tight monetary policies and a fluctuating currency exchange system cannot attain the desired goals in the long run. Today, there is a terrible cash shortage on the market. This is part of the battle against inflation. But, perhaps, exactly the opposite policy is needed to prevent export activities from coming to a standstill. We must not be afraid to increase the rate of growth of money supply.

Arif Onat: I do not think that a tighter monetary policy is needed in Turkey. Inflation in Turkey has stopped being a demand-pull inflation and has turned into a cost-push inflation. And cost-push inflation cannot be stopped by tight-monetary policies. In fact, it cannot be claimed that money for which goods are produced can cause inflation. In my opinion, what we need is not tight-money policy, but a policy of not printing money that is not covered by goods and services.

Sahin Ozbek: It has been seen in the period that has elapsed since the 24 January decisions were taken that the continuous and persistent use of the tight-money policy is not sufficient to overcome inflation. Consequently, measures must be taken to curb cost-driven inflation and to insure that price

hikes applied to basic and auxiliary goods produced by the State Economic Enterprises are kept within reasonable limits. Other similar supplementary measures are also necessary.

Orhan Mentese: Inflation is the leading problem in our country. The last few years proved that tight-money policy cannot be used as a practical means to reduce inflation if it is not adapted to the conditions of the day. Today, the items that should be on the top of Turkey's economic agenda are: exports, export-oriented production and investments which will spur production and which are based on solid resources.

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CSO: 3554/12

INFLATION, UNEMPLOYMENT TO REMAIN GOVERNMENT NEMESIS

Istanbul DUNYA in Turkish 21 Sep 83 p 1

[Editorial: "Battle Against Inflation and Unemployment"]

[Text] "To battle inflation and unemployment..."

For years, this is how the goals of the budgets have been defined. The same goals are strongly emphasized in the 1984 budget which will be discussed earlier because of the upcoming elections. Furthermore, it appears that the budget's balances have been constructed in conformity with these goals.

The 1984 budget is envisioned to be around 25 percent larger than the current budget. It appears that this figure was chosen simply to compensate for the expected rate of inflation. If the economy can grow at the expected 5 percent rate, then the budget will grow by a lesser amount, that is it will shrink in real terms.

It is obvious what a shrinking budget means. There will be further pressures on domestic demand. In the least case, there will be a new pressure wave that will be proportional to the growth rate realized.

Increases in wages and agricultural floor prices will probably not exceed the expected 25-percent inflation rate. In fact, the net increase in wages will remain below 25 percent. It is uncertain how far the 12-percent gross wage increase that will be granted through the [civil service pay scale] coefficient can be stretched by welfare supplements. The correction of the fact that wage increases in 1983 remained below the inflation rate--one of the primary causes of the stagnancy in domestic demand--has finally become agenda item. While business circles who are complaining about the stagnancy in domestic demand have become the proponents of additional wage increases, there is a desire to use continued pressure on wages in 1984 as an inflation-fighting weapon.

Finally, there is talk of increasing the share of investment expenditures in the budget as a means of preventing further increases in unemployment which is currently running at 20 percent--a figure that is frightening for many countries. Increasing the share of investments in a budget that is shrinking is a strong indication that it is contemplated to reduce current expenditures which include [civil servants'] wages.

Meanwhile, investment expenditures, whose share in the budget is expected to increase, do not embody additional investments in the store of public projects. What is envisioned is only feasibility studies for certain future projects. Reportedly, there is also a possibility that some of the additional investments may be used to expand certain projects currently under way.

Priority for spending the additional investment funds will go to energy, mining, infrastructure and so-called "export-oriented" projects. It is therefore doubtful that this approach can create the 350,000 to 400,000 new jobs necessary to prevent the number of jobless from rising.

These are the priorities of the new budget that the government to be elected will inherit. However, it would not be correct to think that it will be possible to implement this budget exactly the way it appears on paper. The new government will inevitably have to pay attention to social discontent during its first year in power.

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CSO: 3554/13

DOGAN ON FAILING FINANCIAL STATUS OF MIDDLE CLASS

Istanbul CUMHURIYET in Turkish 27 Sep 83 p 9

["Commentary" column by Yalcin Dogan: "The Pay Scale Coefficient, Wages, Etcetera"]

[Text] As everywhere else around the world, in Turkey too, there is one social segment which parties would like to win over: the middle class. The middle class began to sag in the aftermath of the 24 January decisions. But Turgut Ozal, the chief architect of the 24 January decisions, says: "We breathed life into the middle class; without us it would have collapsed."

So, what is the present state of the "life" given to the middle class, which comprises the largest segment of the electorate? How has the "life" given to the middle class in recent years revitalized it?

The "true image" of Ozal's contention was firstly refuted by official documents. This was perhaps the first such "official refutation" of recent years. The official refutation was contained in the new draft budget. According to the new draft budget, wages would rise by about 32 percent this year. But, according to the same draft budget, prices have already climbed by 30 percent as of the end of August. In other words, price increases have already exceeded wage increases for the entire year. Although this development is not the first of its kind in the history of the Turkish republic, if wage increases are compared with price increases over years past, it will be seen that the "erosion of wages over the years" has assumed striking proportions.

As everywhere else in the world, in Turkey too, civil servants are the most typical representatives of the middle class. Judging from the progress of civil servants' wages since 1972, it is hard to say that the 24 January decisions have particularly contributed to the revitalization of the middle class.

For example, the monthly salary of a grade 1 civil servant rose from 3,653 Turkish liras in 1972 to 31,191 Turkish liras in 1982. But price increases eroded money so badly that, 31,191 Turkish liras in 1982 was worth only 1,388 1972 Turkish liras. More explicitly, the monthly salary of a grade 1 civil servant dropped from 3,653 Turkish liras in 1972 to 1,388 Turkish liras in 1982. Thus if wage increases are adjusted for inflation, the standard of living of the civil servant fell by more than 50 percent in 10 years. This decline in standards of living accelerated following the 24 January decisions. Because

when wage increases are compared to price increases in the period following the 24 January decisions, it is seen that the difference between the two has grown. The figures given are only for a grade 1 civil servant; the decline in the standard of living of a grade 13 civil servant is much greater.

The facts demonstrated by budget drafts every year are reiterated more emphatically the next year, and there seems to be no end to arguments over this issue. Even so, it is hard to go to the source and the true cause of these arguments. Because the price statistics do not truly reflect such striking facts. Who knows how many times they were redrawn and rewritten. Price statistics are based on the mentality of the 1930's. For example, the price of candles, which are not used even in villages today, carries more "weight" in these statistics than the price of petroleum. That is because changes in petroleum prices were not as significant in the 1930's as they are today. In addition, petroleum was not used as extensively then as it is today. Today, there is no one who does not know how a one-lira increase in the price of petroleum affects the price of other goods. But price statistics do not reflect this effect adequately. What difference does it make if the price of candles jumps by even a thousand times? But our price statistics give more weight to the price of candles. Realistic statistics should reflect the current importance of petroleum prices. Another issue that places the statistics even further away from reality is the fact that "rents", one of the country's leading problems, are not included in the compilation of the statistics. Consequently, no matter how striking the results indicated by the statistics are, they do not fully reflect reality. The Ministry of Commerce has consciously and repeatedly avoided including rents in price statistics.

If the price statistics are adjusted to conform with the realities of our time and if rents and petroleum prices are reflected in these figures in true proportion to their importance in real life, then it seems that no one would have much to say about "how the middle class is faring" and that it would be clearer to see how superficial the increases in the civil servants' pay scale coefficient or the planned 20-percent supplementary wage increases are and how such measures provide merely "day-to-day relief" to the problem without going to its roots.

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CSO: 3554/17

COLUMNIST: ENVIRONMENT MINISTRY SHOULD NOT EXPAND ACTIVITIES

Copenhagen BERLINGSKE TIDENDE in Danish 26 Sep 83 p 11

[Commentary by "Monitor": "A Green Success"]

[Text] Tomorrow the Environment Ministry can celebrate its first decade. In many ways, it has been a success. A consistent environmental policy has been created, based on broad political support. In the coming decade, this policy must be administered. Therefore it is time to trim the ministry's luxurious organization, Monitor writes in this jubilee article.

A decade is not an eternity, of course. Nevertheless, within this short span of years so many decisive changes can take place in the development of society that it should be noted when the period is over. A path can be laid out and made firm in important areas, and if one doesn't watch out, this path can easily be the one that gives the direction for the next decade. This can perhaps happen without the realization that the conditions are different than at the beginning of the period.

The decade just passed was the period in which the environmental wave reached Denmark. Tomorrow makes ten years; the foundation for a broad-based and consistent environmental policy should not just be a question of clean water in clean streams and pure air under a blue sky. It should also be a coordinated effort to create a better framework for day to day life in Denmark.

This reasoning formed the basis of the royal resolution of 27 September 1973, which transformed from one day to another the little, two year old Pollution Ministry into a large and powerful machine. Over and above fighting pollution and deciding on food policy, the ministry received from then on the responsibility for physical planning, nature protection, national forests and hills.

The Environment Ministry, which tomorrow can celebrate its first decade, was in every way an organization of gathered children. Its staff covered a wide range of traditions and attitudes. At one extreme there were traditional, and to some extent, calcified, civil servants with a history of service in the Department of the Interior. At the other end of the Ministry there were environmentalists with lyrical and missionary tendencies. These tradition-rich

groups were now to work together with the young people of the Pollution Ministry, who had not all made their career at Slotsholmen just to administer a tradition.

In many ways things have gone well. Whether one likes it or not, the environmental policy has been a success. And the Environment Ministry and its civil servants who had been brought together had their part in making it go that way in spite of all odds.

The basis for this political and administrative success is obviously the complex of new laws that were passed during the ministry's first period, and that today make up the basis of environmental policy. Of special importance is the environmental protection law. But also important is the completely new legislation on food, the modernization of the nature protection law and on water works and waterways, together with the so-called planning law reform.

The accomplishment is not first and foremost that this comprehensive and thorough legislation was passed. It is just as much that the Environment Ministry has been able to create very broad support for the individual parts of the environmental policy. No matter whether it had to do with environmental protection legislation or nature protection, food, or planning laws, the ministry has been able to build its policy on a broad parliamentary majority, and usually also on the support of the business interests concerned.

This is in itself no small accomplishment when one considers that it happened in the most disturbed and oppositional period after the war. In this way, just about everyone can call himself a green today, and the country has avoided the strong confrontations that environmental policy has brought about in other industrial countries. At the same time, the political results achieved in the environmental area stand in stark contrast to the conflicts that another strategy has brought about within the Danish energy policy.

The Environmental Ministry has also been an organizational success. The ministry continues to stand as the only one that has been successful in creating a more or less consistent structure that protects the ministry from being overwhelmed by a mountain of small details. At the same time, it says a lot about the ministry's ability to meet the demands of the present day when its civil servants, together with the politicians, who have staffed the environmental ministry posts since the 1970's have gained the quite significant reputation of giving the ministers service that is not just based on the comfort and private interests of the civil servants.

The ministry has been a formidable success for the civil servants as well. In the decade that is over today, the Environmental Ministry has shown itself to be the most expansive branch of the central administration. Every year the ministry has been able to push through its expansion aims. The ministry, which with the large increase in 1973 alone was manned by about two hundred academicians, consisted at the beginning of fiscal year 1983 of about 550 positions for chiefs and other academic fellow workers.

This large and rapid growth in staff has transformed individual offices, which previously could administer a large legislative area, into luxuriously staffed directorates with directors and deputy directors, office chiefs and experts galore. At the same time, the ministry has built up a comprehensive net of laboratories and research institutes.

The expansion has naturally enough been based on the large and comprehensive legislative programs the Environmental Ministry had to deal with. This required a large planning capacity in the ministry, and the Environmental Ministry has also been lucky in persuading the appropriation authorities that the ministry should have its own research institutes.

But even a success can become rigid. Today, the Environmental Ministry has tasks of quite a different nature and extent than in the first decade. Now it is not necessary to plan anything new and comprehensive. Now an already well established legislation is to be administered. And there are limits to what it demands, when the current administration is essentially connected with communities and counties.

To be sure, the legislation must be changed from time to time, and it must be modernized. The spaciousness and flexibility within the framework that has been created in the middle of the seventies is nevertheless so great that there will scarcely be a need for minor adjustments. It is hard to see that a continuation of an organization with the amount of personnel it has had up to now should be upheld.

A large and old administration can also easily become a frustrated administration. If the organization is overstaffed at the same time, there will be problems. There are already signs that this process is underway in the ministry's leadership, where the generation of civil servants from 1968 are at home. They have difficulty adjusting to the compromises that have pushed through the legislation of the first decade, and they will have difficulty adjusting to the role of simple administrators of this policy. These hundreds of well-meaning civil servants will not have anything else to do on their way to old age than to think about how they can bring environmental policy within the framework of the legislation.

If the Environmental Ministry is to continue to stand out as a success after the next decade, there is need for a trimming of the organization. Such trimming should be a natural task for a government that wants to clean up the public regulations that are in effect and to limit the ministry's establishment of new restrictions. In the Environmental Ministry's case, this problem can hardly be attacked by a change of the ministry's legislation. The correct solution, which could also rejuvenate the stiffening organization of the ministry, would be an adjustment of the working staff to the tasks before it in the coming year.

MINISTRY TO HALT FISHING IN POLLUTED WATERS

Copenhagen BERLINGSKE TIDENDE in Danish 5 Oct 83 Sect III p 4

[Article by Michael Ehrenreich]

[Text] Fisheries Minister Henning Grove is about to introduce a bill that will allow the ministry to forbid fishing in polluted waters, and in waters where pollution is suspected, according to the government's law catalogue.

The authorization to the minister of fisheries will be put in the law on quality control of fish and fishing.

Henning Grove also wants to tighten up public control and supervision of fish auctions. The legislative change will legalize the practice that has gone on in this area and also aims at ensuring standardized conditions for fish auctions throughout the country.

A coming directive of the EC on adjustment of fishing capacity will bring about new legislation in Denmark. The directive will set the guidelines for national regulations on subsidies for the temporary storage of fishing boats and for the fishing boats' termination of fishing.

The Fisheries Ministry wants to carry out these two regulations with the idea of adjusting the Danish fishing capacity to the present catch possibilities. The regulations provide for, among other things, EC reimbursement by about 50 percent of a part of the national expenses. The law must also be in agreement with the directive, which is expected to be in effect in three years.

Finally, Henning Grove wants other laws on present state subsidies to certain structural improvements in fishing with the idea of complying with the subsidy area of the EC's policy on fishing. The area will be expanded to include the artificial raising of fish, which the fisheries minister thinks can bring about new possibilities for jobs in Denmark.

BRIEFS

PESTICIDES LEGISLATION PROPOSED--The present law on control of pests and dangerous plant diseases cannot, after 25 years, any longer be regarded as up to date, according to Agricultural Minister Niels Anker Kofoed, who has introduced a bill that will, among other things, establish concrete authorization for the supervision of the nation's plants. [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 5 Oct 83 Sect III p 4] 9124

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